Enclosure to "A"

App. F. IX-4

Previous References 1939. (Legis)

Legis File No. 4 9

Serial Nos. 1.

I

Later References.

153

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

Memorandums in connection with the introduction of the "Money-lenders Bill."

WD 0373—GPB—22,500—12-9-39

Reinzie Vazeerathan
12/10/39.

D.I 0821/L.C.

Petition to the Legislative Council.

General and Revenue Secretariat R. A. & L. C. | File No. | of 193 | [App. F. III–2

Serial No.

OFFICE OF THE FIRST MEMBER OF COUNCIL
JAN 18 1939
No 5695

Petition addressed to the Secretary Legislative Council from some of the residents & employees in various departments of the K.G.F. Sanitary Board area pointing out some of the objections regarding the introduction of the Money Lenders Bill and offering certain suggestions for Consideration

The Money Lenders Bill is included in the agenda for Consideration at the ensuing Session of the Legislative Council and the petition therefore satisfies the Condition laid down in Standing Order except that it is not dated as required by Standing order 64(3) No. 64/6 it is for orders whether the petition may be placed before the Council at the time of the Consideration of the above Bill.

The suggestions made in the petition will have to be considered in the Protection Branch

Submitted for orders.

BVN
16-1-39

16.1 It is not in conformity with note 64 cl 3 of the Standing orders as it is not dated It is not addressed in the manner stated in note 64 cl 2. The suggestions made may be considered in the select committee if deem necessary to place it before the Council as the petition does not satisfy the strict Condition of order 64

18/1 member

NOTE—Contn. Sheet.

NLL 18/1/39

18/1/39 18.1.39

D.I 0821/L.C.

Petition to the Legislative Council.

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The Suggestions made in the petition will have to be Considered in the Protection Branch

Submitted for orders.

BVN
16-1-39

16.1 It is not in conformity with rule 64 cl 3 of the Standing orders as it is not dated. It is not addressed in the manner stated in rule 64 cl 2. The suggestions made may be considered in the select committee if deem necessary to place it before the Council as the petition does not satisfy the strict Condition of rule 64.

1st member

NOTE—Contn. Sheet.

18/1/39

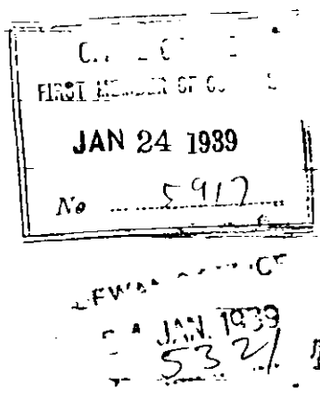
18/1/39 18/1/39

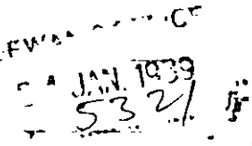
✓ D.1184/2-C

Petition to the Legislative Council.

General and Revenue Secretariat R. A. & L. C. | File No. of 193 . | [App. F. III–2

Serial No.





Petition dated 19-1-1939 from the Moneylenders of Bangalore submitting for Consideration certain suggestions & requesting that the Moneylenders Act may be suitably amended so as to give relief to them

The Petition is dated and signed by some of the Moneylenders of Bangalore and it is also addressed to the Secretary legislative Council. The Bill is also under consideration at the current meeting of the Council. The Petition therefore satisfies the conditions laid down in Standing Order No 64.

The suggestions made therein will have to be Considered in the Protection Branch, if it is admitted

Submitted for orders.

BVN 24-1-39.

If the petition is admitted it has to be brought into Consideration by being read before the Council, as required by S.O. 66.

24.1.39

This is in conformity with order 64 of the Standing and may be allowed to be admitted.

An abstract of this will be prepared & read before the Council

(By member & read)

24/1/39

24/1/39

24-7-38

NOTE—Contn. Sheet.

✓ D.1190/L.C

Petition to the Legislative Council. 3

General and Revenue Secretariat R. A. & L. C. | File No. of 193 . | [App. F. III-2

Serial No.

OFFICE OF THE LEGISLATIVE COUNCIL
JAN 24 1939
5915

Petition Dated 23-1-1939 from some of the Money Lenders of the Mysore city submitting a memorandum for Consideration in regard to the Money Lenders Bill.

The petition is addressed to the Secretary Legislative Council and is also dated & signed by the petitioners. It relates to a matter which is under Consideration at the evening meeting of the Council. The petition is therefore admissible under Standing Order No. 64. The suggestions will have to be considered by the Protection Branch, if the petition is admitted. Submitted for orders.

BVN
24-1-39. 24.1.39

The petition is apparently addressed to the Govt as seen in para 2 and their prayer is that Govt should exempt them from the operation of the Act. Mysore Money Lenders Act 1939 No. 66.
Therefore go before the L.C. Their prayers

must be taken into consideration when the L.C. meets
(& a member)

24.1.39
24/1/39

NOTE—Contn. Sheet.

Serial No.

Letter dated 21-1-1939 from Mr. Ramnarayan Bhagavandas addressed to the Private Secretary to the Dewan re the Money Lenders Bill.

Letter dated 21-1-1939 from Mr. Seth Mangoomal Lunidasing. Bangalore city addressed to the Private Secretary to the Dewan re the Money Lenders Bill.

The above letters addressed to the Private Secretary to the Dewan have been perused by the Dewan & the First Member of Council and returned to this office.

These letters will if approved be kept in the office & forwarded in time for consideration at the Select Committee stage.

For orders.

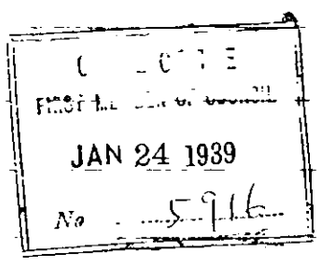
24.1.39

BVN 24-1-39.

24.1

D1193

Serial No.



5922

Memorandum dated 23-1-1939 presented by the Money Lenders of the Kadur District re the Money Lenders Bill.

Memorandum dated Nil from the Moneylenders of the Chitaldrug District re the Money Lenders Bill.

Memorandum dated Nil from the Moneylenders of the Dharwar District re the Money Lenders Bill.

Memorandum dated 23-1-1939 from the Money Lenders of Kolar District re the Money Lenders Bill

These are not petitions addressed to the Legislative Council but merely copies of a memorandum submitted for consideration at the time the Money-Lenders Bill is taken up for Consideration. Some of these have not been dated also and do not comply with the Conditions laid down in Standing Order No. 64

Submitted for orders.

BVN 24-1-39. These cannot be treated as petitions to the Legis Council under S.O. 64. The suggestions may however be considered at the Select Comtee. stage.

24/1 These petitions are not in accordance with S.O 64 one of them is addressed to the president of the LC and others are not dated even & not addressed to the L.C. Their prayers may be considered at the Select Committee. These need not be placed before the L.C

(No members to receive) MN 24-1-39 MLL 24/1/39 24.1.39

NOTE—Contn. Sheet.

THE SIND SHIKARPUR BANKERS' ASSOCIATION,
BANGALORE AND MYSORE

Rajamantrapravina
N.Madhava Rao Esq.,
First Member of Council,
BANGALORE.

Bangalore City,
25th January 1939.

Dear Sir,

I herewith send you copy of a Memorandum submitted by the Sind Shikarpur Bankers' Association, Bangalore and Mysore, to the Government of His Highness the Maharaja of Mysore on the Moneylenders' Bill for your kind perusal and valuable support.

Yours faithfully,

Mangoomal Lunidasingh

(Sd.) Mangoomal Lunidasingh,
President.

P.S. I am sending this printed copy of the Memorandum in substitution of the typed copy sent to the Secretary, The Legislative Council, on the 18th inst.

THE SIND SHIKARPUR BANKERS' ASSOCIATION,

BANGALORE AND MYSORE

Rajamantrapravina
N.Madhava Rao Esq.,
First Member of Council,
BANGALORE.

Bangalore City,
25th January 1939.

Dear Sir,

I herewith send you copy of a Memorandum submitted by the Sind Shikarpur Bankers' Association, Bangalore and Mysore, to the Government of His Highness the Maharaja of Mysore on the Moneylenders' Bill for your kind perusal and valuable support.

Yours faithfully,

Mangoomal Lunidasingh.

(Sd.) Mangoomal Lunidasingh,
President.

P.S. I am sending this printed copy of the Memorandum in substitution of the typed copy sent to the Secretary, The Legislative Council, on the 18th inst.

MEMORANDUM

SUBMITTED TO

THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA

OF MYSORE

ON THE MONEYLENDERS' BILL

BY THE MEMBERS OF

THE SIND SHIKARPUR BANKERS' ASSOCIATION

BANGALORE AND MYSORE

JANUARY 1939

MEMORANDUM

Submitted to the Government of His Highness the Maharaja of Mysore on the Moneylenders' Bill by the Members of the Sind Shikarpur Bankers' Association, Bangalore and Mysore.

———o———

1. **History** :—The Multani Community, as the Sind Shikarpuri Bankers' Community is popularly known in these parts, started their Banking operations in this State over 75 years ago. By dint of their labour, integrity, business instincts, efficiency and easy accessibility they have built up a big banking business in the State without any monetory or other help either from the Government or the people of Mysore. Till the Bank of Mysore was started about 25 years ago, the Sind Shikarpuri community was practically the only agency financing the trade, commerce and industry of the State on a large scale. The Sind Shikarpuri Community may well claim to be the pioneers of the Banking business in Mysore. In fact they may be said to have laid the foundation of Banking business in the State. Though their main spheres of activity are in the two principal cities of Bangalore and Mysore, yet their operations extend to many other urban and rural areas in the State as well. Inspite of the recent growth of Joint Stock and Co-operative Banks, the Sind Shikarpuri Bankers continue to occupy their position of service and usefulness in the economic structure of the State.

2. **Extent of Business**:—The Sindh Shikarpuri Bankers' Association consists of Members whose business is exclusively that of Banking. They finance trade and industry rather than consumption. They have made a very substantial contribution to the development of the trade and industry of the State. In spite of the credit facilities afforded by the net work of Co-operative and Joint Stock Banks that has in recent years sprung up in the State, a very large section of the commercial community still requires the services of the Sind Shikarpuri Bankers. In fact many prefer to deal with a Sind Shikarpuri Banker rather than with a Bank because the former does not require a security and is more easily and speedily accessible. It may be

stated that the investments of the Sind Shikarpuri Bankers in Mysore approximate to about a crore of rupees which clearly indicates the very useful, prominent and necessary part which the Sindh Shikarpuri Bankers are playing in the economic life of the State. Each of the members of the Association has a turnover, every quarter, of many lakhs of rupees.

3. **Nature of business** :— *The modus operandi* of the Sind Shikarpuri Bankers is two-fold; firstly, they advance moneys on what are called hundies or usuance Bills. These Bills are generally drawn for 60 to 90 days and are payable on due dates. These bills are negotiated (discounted) by the Sindh Shikarpuri Bankers either with one or the other of the many Joint Stock Banks in the country with whom they have got bill discounting facilities, or they are discounted with members of their own community in their native place, Shikarpur Sindh, or elsewhere. Secondly, they advance moneys on Khata system which corresponds very nearly to the overdrafts in current accounts in the Banks. These loans are generally repaid according to the mutual convenience of the parties concerned. Rarely are any loans advanced on any tangible securities. The Sindh Shikarpuri Banker prefers to rely on the security afforded by the solvency, integrity, character and paying nature of the business of his clients.

4. **Statewide Operations** :— Unlike the operations of several Co-operative and Joint Stock concerns, the operations of the Sindh Shikarpuri Bankers are not confined to any particular area or class of traders. From their bases of operation in the two principal cities of the State, the Sindh Shikarpuri Bankers have penetrated into the interior parts of the whole of the State. Thus the trade and industry of both the urban and rural areas are being very largely financed by these bankers whose agents periodically visit many places in the interior. In fact it would not be quite accurate to refer to the members of the Sindh Shikarpuri Bankers' Association as moneylenders of the class contemplated in the statement of objects and reasons of this Bill.

5. **Simple Systems**:—To use the words of the Report of the Indian Central Banking Enquiry Committee 1931 (page 98),

the Sindh Shikarpuri "Banker's operations are not attended with formalities and delays. His accounts are kept in a simple and economical way but are accurate and efficient. He is easily and always accessible".

6. **Favourable Interest Rates:**—The Sindh Shikarpuri Bankers' rates of interest compare very favourably with those of ordinary Joint Stock Banks.

7. **Vital and Necessary Factor:**—The Sindh Shikarpuri Banker occupies a very vital position in the Banking System of the State. The anxiety displayed by the Government in the statement of objects and reasons for bringing forward the present piece of legislation "to see that the Bill does not unnecessarily harass moneylenders and restrict facilities for credit" encourages us in the hope that the Bill if passsed into Law, will not be made applicable to this class of Moneylenders. In the face of the foresight that this anxiety reveals, it is not for us to suggest that any compulsion brought upon the class of Bankers that the Sindh Shikarpuri Banker represents will result in the process of driving them out of Banking proper to other spheres of business, thus creating a void in the economic system of the country which would be extremely difficult to fill and detrimental to the national interests.

8. **Bill Proper:**—Coming to the Bill proper it is seen from the Statement of Objects and Reasons that the Bill has been prompted mainly on account of the existence of certain defects in the business of moneylending as carried on by certain classes of moneylenders. It is alleged that (1) regular accounts are not ordinarily kept and receipts are not sometimes given for money paid by the debtors, (2) the interest charged is high.

To protect the many ignorant and illiterate debtors, therefore, the help of legislature is sought, to control such moneylenders by (1) requiring the moneylenders to register themselves and obtain licenses, (2) by fixing the maximum rates of interest that courts may allow, (3) by requiring proper maintenance of accounts and giving opportunities to the debtors to ascertain periodically the state of their accounts.

9. **Inapplicable to us:**—When we take the liberty of expressing our views on the Bill or of pointing out some of its objectionable features, we may not be understood as opposing any legislation intended to remedy the above defects. We must, however, say that the nature and the method of the business of the Sindh Shikarpuri Bankrs do not justify the Bill being so comprehensive and general as to include them within its compass. A closer examination of the working of these Bankers will reveal that none of the allegations mentioned above apply to them.

The transactions and dealings of the Sindh Shikarpuri Bankers have always been with persons who are not only literate but who are an intelligent class of merchants and businessmen, well aquainted with the nature of their transactions and having wide and abundent knowledge and experience of human affairs. They are persons who do possess notions of their rights and of ordinary law, and who can never be victims of fraud and deceit by their creditors. We shall not be overstating our case by saying that there has not been any such instance or complaint during all this period.

10. **Our Rates of Interest** :—It is a matter of common knowledge that the members of this Association lend monies at competitive and attractive rates of interest. The rates officially prescribed by the Association are

7½ and 9 per cent per annum on hundies

9 and 10½ per cent per annum on Khata accounts.

In some cases these rates go so low as 6 per cent per annum also. By far the largest percentage of the business of the members of this Association is done on these officially prescribed rates of interest. It will be seen that these rates are lower than those proposed in the Bill. It may be repeated in this connection that the business of the members of this Association is done almost entirely on personal credit of the borrowers, with all its consequences and attendent risks. In fixing our rates we are solely guided by the principle that the prosperity and well being of the lender and the borrower are interdependent.

12. **Factors Controlling Interest**:-We have no objection to the rates of interest as fixed in the Bill under the conditions as at present obtaining in the money market. But we deem it necessary to state that the rate of interest in the bazaar is controlled, among other things, by the official rate of the Reserve Bank as also by the rates paid by the Government of India on their Treasury Bills. It will be remembered that there have been occasions when the Government of India have paid as much as 9 percent to 10 percent on their Treasuay Bills and when the official rate of the Imperial Bank of India has been 9 percent. We therefore suggest that no maximum interest should be prescribed as is done in this Bill because the existing Laws are sufficient to meet the intentions of the Government so far as this particular point of interest is concerned. But if it is considered absolutely necessary to fix maximum rates for the guidance of the Courts, then it is suggested that the Government should make proper provisions in the Bill for meeting contingencies like the above as and when they arise without any further reference to the Legislative Council, if necessary.

12. **Accounts** :—The accounts maintained by the Sindh Shikarpuri Bankers are very clearly, correctly and efficiently kept. It is also the practice that in addition to the regular books of accounts seperate books are maintained one for each borrower wherein the borrower makes entries in his own handwriting of all monies received and paid by him and affixes his signature to every such transaction. In the case of Hundies or On Demand Pronotes whenever amounts are paid in full settlement of these the relative documents are returned to the executants duly discharged. In case part payments are made against such documents, such payments are generally entered on the back of the documents by the debtors or separate receipts are given by the creditors. Receipts are given to the borrowers for amounts paid by them and statements of accounts furnished, when demanded.

13. The large number of our customers and the great volume of our business are by themselves the best proofs of our honest and straightforward dealings with our clients.

PARTICULAR PROVISIONS OF THE BILL.

14. **Definition:**—The definition of Moneylender is very comprehensive and includes concerns like the Imperial Bank or the Bank of Mysore. It does not seem to us that it could be the intention of the framers of this Bill to apply it to concerns like these. We beg to submit that in essential and material respects our concerns are not very much different from these Banks. So far as the provisions of this Bill are concerned we cannot be classed as moneylenders pure and simple any more than we can call the Imperial Bank of India or the Bank of Mysore as moneylenders.

15. **Registration:**— (Secs. 3 to 6) The provision as to registration is neither useful nor is it practicable. We do not find in the Bill any reason for enforcing registration. It is not clear what evil registration can remedy. Evils such as have been outlined are sought to be remedied by appropriate penalties by a Court of law. The provision as to registration is a needless superfluity. The very existence of such a statutory provision will engender apprehensions in the minds of certain classes of lenders and recourse will be had to prevent disclosure. The penalties attached to non-registration are themselves a sufficient inducement to maintain secrecy, in cases where accounts cannot be maintained. We shall not be considering a hypothetical instance if we cite the instance of 'widows' who lend moneys (vide page 72-Chap. VII of the Report of the Indian Central Banking Enquiry Committee.)

An illeterate, ignorant widow who lends out moneys cannot be expected to check the actions and accounts maintained by her clerk, but she would be liable to the penalties under the law, for infraction of the rules. Compulsory registration will result in making private capital shy. It is therefore not worth while having a statutory provision with a costly machinery to work it, so long as the results to be achieved are comparatively small and unprofitable. The expense is unwarranted. It is useful to note in this connection that the Indian Banking Enquiry Committee rejected the idea of registration. (Vide P. 90 of the Report). They said:—"We

are therefore not in favour of the proposal to introduce a system of licensing moneylenders either compulsorily or voluntarily."

The Province of the Punjab which was the first to legislate on the subject of the Bill did not provide for registration in the "Punjab Regulation of Accounts Act" and the attempt of the Government of Madras in this direction met with such a strong opposition that it had to abandon the idea altogether and drop it (Vide the Madras Debtors' Protection Act No. VII of 1935.) Experience of 8 years' working of the Punjab Act does not appear to have necessitated any change. We are therefore of opinion that registration or licensing should not be required in any form.

16. **License**:—The provision to take out a license is keenly felt as derogatory to our self-respect and it ought not to be introduced. This provision is not in existence anywhere in India whether in a British Province or in a Native State.

17. **Language and form in which accounts have to be kept** :—(Sec. 9) We have no hesitation in saying that this provision is a practical impossibility. It opens out avenues for fraud and deceit. We cannot be compelled to maintain our accounts in a language unknown or in a form not familiar to us, because we have no means of guaranteeing correctness while we have not the capacity to control or check the accounts. It would not be just to make us answerable for faults of our clerks on whom we would have to depend. We do not feel the need for this either, as we have always been furnishing English translations of the entries whenever any transaction goes before a Court of Law. Moreover if we are required to keep our books in a language other than our own, it will increase our expenses. Our ability to offer low rates of interest very much depends upon our ability to carry on our business economically. As our dealings extend to lakhs of rupees every month, it would be to our disadvantage to allow our accounts to be kept by others without our being able to check them. Ordinarily the Sindhi members of our firms do not either know English or Kanarese scripts.

18. **Granting of Receipts** :—(Sec. 10) The provision in the Bill relating to granting of receipts is extremely severe and unconscionable. Clause 10 of the Bill provides that it shall be obligatory upon the moneylender to give a receipt for the amount paid. The Bill does not say whether the receipt is necessary when the amount paid is in excess of anything and, as it is, even for one rupee paid it is obligatory to pass a receipt. The penalty for failure to pass a receipt is provided under Secs. 19 and 20. Clause 19 (1) provides that if there is any contravention of the provisions of the Act, license can be suspended for such time as the Court thinks fit or even cancelled. Clause 20 of the Bill provides for a fine upto Rs. 200/- and for a second or subsequent offence for imprisonment of either description for a term not exceeding one month or with fine upto Rs. 500/- or both. In addition to that the moneylender will have his registration and license cancelled. One has to envisage an unscrupulous borrower to appreciate the hardship of this provision. Even in a case where the receipt is actually passed, if the borrower denies that such a thing was given to him and if by any chance his story is believed, the unfortunate lender will have his doors closed immediately and for a subsequent offence will run the risk of imprisonment. The language used in clauses 19 and 20 are so wide and so severe that it will place every moneylender at the mercy of the borrower on every occasion moneys are received. In fact a similar provision was sought to be introduced in the Madras Act. The Select Committee pointed out that such a provision was unnecessary and would work hardship and in the Bill as finally passed, the penal provisions were removed and one of the penalties substituted was that so far as default continued on the part of the moneylender in not granting the receipt when asked for, he shall not be entitled to claim interest for the period of the default. Surely this is not a matter which has been overlooked by the General Law. Under Sec. 30 of the Indian Stamp Act, there is a provision relating to the granting of receipts for sums of over Rs. 20/- and all that is required to be done is that when a demand is made by the person paying, the receipt should be given. Sec. 65 of the

Act which deals with the penalty, provides that if a person being required under Sec. 30 to give a receipt refuses or neglects to give the same he shall be punishable with fine which may tend to one hundred rupees. It is not suggested that the general provisions are either inadequate or have not met with the requirements of the suitation.

19. **Confirmation of Statement of Account**:—We consider that Sec. 11 (2) places the creditors under a disadvantage; it must be left to the Courts to draw such inference as is proper under the circumstances of each case.

20. **Inspection by Registrars**:— (Sec. 13) It is very obligatory on the part of a Banker to maintain absolute secrecy with regard to the transactions of his constituents. This secrecy cannot be guaranteed or secured by this provision. On the contrary it is a provision compelling disclosure of personal affairs. There are several borrowers who for reasons of their own, do not like to have their transactions published, and in so far as secrecy thereof is not safeguarded or protected, they would drop off from such lenders and try to deal with those who can evade the law and maintain secrecy. All attempts will be made to violate the law and it will be a fruitless search for the Government to find out such lenders. This provision may result in manipulations of accounts to avoid disclosure of the real nature of the transactions. This provision will lead to harassment and is likely also to induce corruption among subordinates as also to illegitimate disclosure of the Bankers' accounts and dealings to his competitors. Such a privilege was denied very recently to the Income-tax Officers in the Central Legislative Assembly during discussions on the Indian Incometax Bill. The requirement of clause (2) of Sec. 13 that a moneylender shall be bound to produce all books of accounts for inspection, completely ignores all realities. If a moneylender has been carrying on business, say for 25 years, he is bound, according to this section, the moment the Registrar or his subordinate calls upon him to produce his books of accounts for all the 25 years and in default face the penalties provided in the Bill. In the case of

the members of the Sindh Shikarpuri Bankers' Association who are generally in the habit of sending their books to their Head Offices as soon as they are closed, this provision will work a great hardship.

21. **Penalties**:— (Sec. 19) The penalties for breach of the rules are so very severe that they by themselves will discourage persons continuing to do the business of moneylending. Far from encouraging the business and exacting obedience to the rules, they will have the opposite effect of moneylenders withdrawing from their business and taking to other persuits. It is easy to imagine the adverse effects that this will produce on the economic life of the people. Money Market will be unnecessarily stiffened and stifled. It is our earnest appeal that nothing should be done to reduce the number of Bankers. On the contrary every facility should be afforded for obtaining credit for legitimate trade and other purposes. It will be a lamentable result if monies are not lent out freely for purposes of trade and industry but are hoarded without putting them to any use.

22. **Miscellaneous** :—(Sec. 21) Clause 5 is not definite regarding the particulars that would be required in the application for registration, nor is clause 7 definite with regard to the form in which and the conditions on which licenses will be issued. Generally speaking it is submitted that the Government may be required under the Bill, to publish the rules proposed by them in the above matters, and invite objections from those concerned before making them final.

23. **Supplementary Memorandum** :—We shall submit a supplementary memorandum on Chapter IV on "Provisions relating to suits in respect of loans" particularly clauses 15 and 17.

BANGALORE CITY,
18th January 1939

MANGOOMAL LUNIDASINGH,
President.
The Sind Shikarpur Bankers' Association.
Bangalore and Mysore.

MEMORANDUM

ON THE PROVISIONS

OF

THE MONEY LENDERS' BILL

Submitted by

The Money Lenders of Bangalore.

THE S. S. M. PRESS, COTTONPET, BANGALORE CITY

MEMORANDUM

ON THE

PROVISIONS OF THE MONEY LENDERS' BILL

SUBMITTED BY

THE MONEY LENDERS OF BANGALORE.

The MONEY LENDERS of Bangalore submit the following for consideration and pray that the Provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money Lenders:—

RE: CHAPTER II.

The Registration of MONEY LENDERS and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self-respect of the MONEY LENDERS. This Act will place them almost on a par with Criminal Tribes. The Act is intended to control the transactions which might be carried on by the MONEY LENDERS, and, so long as money-lending itself is not made an offence, there is no necessity to maintain a Register of MONEY LENDERS except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of Debtors do not contain any provision for the registration of MONEY LENDERS. (Vide the Punjab Regulation of Accounts Act of 1930 and Debtors' Protection Act of Madras). The compelling of MONEY LENDERS to register themselves and take out licenses will drive out the better and more

respectable class of MONEY LENDERS, and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and Commercial progress for want of proper banking facilities, will be enormous.

CHAPTER III.

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts. This Provision works a great hardship on the MONEY LENDERS, as most of them are ignorant of English and local languages and scripts. If the keeping of Accounts in any language other than that of the MONEY LENDER should be insisted upon, the MONEY LENDERS will be compelled to employ Clerks, and, as the MONEY LENDERS do not know the language in which the Accounts are kept, they will be unable to check the Clerks and will become liable for severe penalties for the carelessness or mischief of the Clerks. The MONEY LENDERS will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger MONEY LENDERS have to depend for most of their work on Clerks, and it is inequitous to cancel the License of a MONEY LENDER when the Clerk alone might have been party to a fraud of which the MONEY LENDER was not even aware. The License of MONEY LENDER (even if insisted upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his Clerk, servant or agent with the knowledge and consent of the MONEY LENDER.

On the other hand, MONEY LENDERS, who carry on a small business mostly on borrowed capital and make a bare living,

cannot afford to keep a Clerk because their income very often does not extend to more than Rs. 20 or Rs. 30 a month.

RE: SECTION 13:—The inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to private Bankers with the object that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders' Act should be entitled to ransack all the transactions of a MONEY LENDER, about which there has been no suit or complaint, it will jeopardise the business of the MONEY LENDER. As the Accounts of most of the MONEY LENDERS will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Incometax Officer, this Provision is more harmful than useful. Similar Acts in British India do not contain a like provision.

RE: CHAPTER IV

The rate of interest allowed under Chapter IV is too low. A large number of MONEY LENDERS carry on their business on moneys borrowed by them from MONEY LENDERS doing business on a larger scale at rates of interest varying from 9 to 12 per cent per annum, and, unless at least a small margin of profit is allowed to the smaller MONEY LENDERS, they will be driven out of business. The MONEY LENDERS submit that Twelve per cent on Secured Debts and Eighteen per cent on unsecured debts may be allowed for transactions involving sums of more than Rs. 50. As the margin of profit on transactions below Rs. 50 is very small, the rate of interest may not be fixed in such cases.

RE: CHAPTER V.

The Penal Provisions of the Act are very harsh and bear hard on the MONEY LENDERS. As most of the MONEY LENDERS have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty offences intended to be punished by the Act. Similar Acts in British India have no analogous provision. In any event, no action under the Act should be taken unless the MONEY LENDER has been previously warned and given an opportunity to improve.

The MONEY LENDERS carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induces the MONEY LENDERS to take the risk of often losing even the Principal amount lent, and it is, therefore, necessary that small transactions of the value of sums below Rs. 50-0-0 should be exempted from the provisions of this Act.

The credit of the small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The MONEY LENDERS, therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

Bangalore,
19th January 1939

D·1185|L·C

S. Ramaswamy, B.A. LL.B.
ADVOCATE

92 CHICKPET, BANGALORE CITY

Dated 23rd Jany. 39. 19

OFFICE OF THE SECRETARY
24 JAN 1939
LEGISLATIVE COUNCIL

Hdq/23.1.39

To

The Secretary,
Legislative Council,
Bangalore.

Dear Sir,

I herewith submit the Memorandam of Objections on the Money Lenders' Act of the Money Lenders of Bangalore. I request you to address me all communication in the matter.

I have the honour to be,
Yours Obediently,
S. Ramaswamy.

Submitted for perusal.
BVN 24-1-39
24.1 24.1

To

The Secretary,

Mysore Legislative Council,

Bangalore.

MEMORANDUM

on the Provisions

of

THE MONEY LENDERS' BILL

submitted by

THE MONEY LENDERS OF BANGALORE.

--oOo--

1187/I.C

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

hg/23/1/39

To

The Secretary,
Mysore Legislative Council,
Bangalore.

MEMORANDUM on the Provisions of The Money Lenders' Bill submitted by The Money Lenders of Bangalore.

The MONEY LENDERS of Bangalore submit the following for consideration and pray that the Provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money Lenders:-

RE: CHAPTER II.

The Registration of MONEY LENDERS and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self-respect of the MONEY LENDERS. This Act will place them almost on a par with Criminal Tribes. The Act is intended to control the transactions which might be carried on by the MONEY LENDERS, and, so long as money-lending itself is not made an offence, there is no necessity to maintain a Register of MONEY LENDERS except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of Debtors do not contain any provision for the registration of MONEY LENDERS. (Vide the Punjab

Punjab Regulation of Accounts Act of 1930 and Debtors' Protection Act of Madras). The compelling of MONEY LENDERS to register themselves and take out licenses will drive out the better and more respectable class of MONEY LENDERS, and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and Commercial progress for want of proper banking facilities, will be enormous.

CHAPTER III

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts. This Provision works a great hardship on the MONEY LENDERS, as most of them are ignorant of English and local languages and scripts. If the keeping of Accounts in any language other than that of the MONEY LENDER should be insisted upon, the MONEY LENDERS will be compelled to employ Clerks, and, as the MONEY LENDERS do not know the language in which the Accounts are kept, they will be unable to check the Clerks and will become liable for severe penalties for the carelessness or mischief of the Clerks. The MONEY LENDERS will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger MONEY LENDERS have to depend for most of their work on Clerks, and it is inequitous to cancel the License of a MONEY LENDER when the Clerk alone might have been party to a fraud of which the MONEY LENDER was not even aware. The

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License of a MONEY LENDER (even if insisted upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his Clerk, servant or agent with the knowledge and consent of the MONEY LENDER.

On the other hand, MONEY LENDERS, who carry on a small business mostly on borrowed capital and make a bare living, cannot afford to keep a Clerk because their income very often does not extend to more than Rs.20/- or Rs.30/- a month.

RE: SECTION 13:- The inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to private Bankers with the object - that their transactions should not be known to others - as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders' Act should be entitled to ransack all the transactions of a MONEY LENDER, about which there has been no suit or complaint, it will jeopardise the business of the MONEY LENDER. As the Accounts of most of the MONEY LENDERS will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income-tax Officer, this Provision is more harmful than useful. Similar Acts in British India do not contain a like provision.

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The rate of interest allowed under - Chapter

Chapter IV is too low. A large number of MONEY LENDERS carry on their business on moneys borrowed by them from MONEY LENDERS doing business on a - larger scale at rates of interest varying from 9 to 12 per cent per annum, and, unless at least a small margin of profit is allowed to the smaller MONEY LENDERS, they will be driven out of business. The MONEY LENDERS submit that Twelve per cent on Secured Debts and Eighteen per cent on unsecured - debts may be allowed for transactions involving - sums of more than Rs.50/-. As the margin of profit on transactions below Rs.50/- is very small, the rate of interest may not be fixed in such cases.

RE: CHAPTER V.

The Penal Provisions of the Act are very harsh and bear hard on the MONEY LENDERS. As most of the MONEY LENDERS have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty offences intended to be punished by the Act. - Similar Acts in British India have no analogous provision. In any event, no action under the Act should be taken unless the MONEY LENDER has been previously warned and given an opportunity to improve.

The MONEY LENDERS carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induces the MONEY LENDERS to take the risk of often losing

losing even the Principal amount lent, and it is, therefore, necessary that small transactions of the value of sums below Rs.50-0-0 should be exempted from the provisions of this Act.

The credit of the small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The MONEY LENDERS, therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

Bangalore,
19th January, 1939.

Sd. K. Magan mull Kataria
Sd. M. G. Mangilal
Sd. Gaiver chand Sugan chand
Sd. Heeralal Motilal
Sd. Roop chand Motilal
Sd. Tejaraj Mannmall
Sd. Motilal Jugaraj
Sd. Saib chand Rangaraj

s/o Dini chand Santilal

s/o Mishrilal Tarmal

s/o Sewlal Mangaldas

s/o Ganas mall Pirdhiraj

s/o Mutha Gajaraj Harek chand

s/o Jawan Mall

s/o Ramlal

s/o Hasali mall Pookraj

s/o Fool chand Basaty mall

s/o Kalaraj Raj mall Jugaraj

s/o Mul chand Kasari mall

s/o Pookraj Lalwani

s/o Mutha Nathuraj Jalaraj

s/o Misharilal Sulaltan mall

s/o Mutha Devilal

s/o Jasaraj Mutha Rookraj

s/o Mohanlal Bansilal

s/o Jasraj Sinarth Mall

s/o Jaswantraj Bhowrilal

s/o Bhowrilal Gokulchand

s/o Sardar Mall Kundanmull

s/o Doolchand Devichand

s/o Chenilal Heeralal

s/o Chenilal Heeralal

s/o Hemraj Lunkaran

s/o Nagraj Ponnalal

s/o Mulchand mall Jasraj

s/o Omamull Soonraj

s/d Asulal Kasarimall

s/d Ranjee Asulal

s/d Baxaty Mall Malilal

s/d Mohanlal Ambalal

s/d Poonamchand Jainarayan

s/d Rajendrakumar Kheeraj

s/d Sardarmall Kundanmall

s/d Heeralal Sukhlal

s/d Khanmall Manakchand

s/d Mutha Saismall Banaraj

s/d Hooj mall Balichand

s/d Partapmall Bagharaj

s/d Pannalal Mesharilal

s/d Pannalal Manaralam

s/d Anraj Simarath mall

s/d Dudhraj

P. Sagarmull Pamraj Cottonpct: B. Singh

s/d Simarth mall Mutha

s/d Jeeraj Bikaji

s/d Gokulchand Pookhraj

s/d Pookraj Mohanlal

s/d Heerachand Dalichand

s/d Saismall Poonamchand

s/d Nemichand Mesharilal

s/d Sukhlal Gokulal

s/d Sardarmall Babaltmall

s/d S. K. Roopraj

s/d Kundanmall Sukhlal

Lalchand Maalchand Balia.

d. Keserimal Khimraj Porwal

D. 1190/39-40

The Secretary.
Legislative Council
Bangalore city

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

Dear Sir

We enclose herewith one memorandum submitted by the Money lenders of Mysore And request you to present this & do the needful in the matter.

All future correspondence regarding this should be addressed to. Roopchand Lachmandass. Old Agrahar Road. Mysore.

Yours faithfully
[illegible]
[illegible]

D. 1190/2c

The Secretary.
Legislative Council
Bangalore city

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY AND LEGISLATIVE COUNCIL

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All future correspondence regarding this should be addressed to. Roopchand Jackhmandass. Old Agrahar Road. Mysore.

Yours faithfully
[illegible]

To

THE SECRETARY,
MYSORE LEGISLETIVE COUNCIL,
B A N G A L O R E.

M E M O R A N D U M.

On the provision of the Money Lenders Bill submitted by the Money Lenders of Mysore.

The Money Lenders of Mysore city submit the following for consideration (having assembled in the Digambar Jain Dharmasala to consider the provisions of the MONEY LENDERS BILL and protest towards it and to submit a memorandum to the Government for consideration and most respectfully pray that the provisions of the MYSORE MONEY LENDERS BILL may be suitably amended, so as to give relief to the Money Lenders (and as well as to whom it is intended for.)

Re: Chapter II

The registration of Money Lenders and compelling them to take a license every year does not serve any useful purpose and is derogatory to the self respect of the Money Lenders. This Act will place them almost on a par with criminal tribes. The Act is intended to control the transactions which might be carried on by the Money Lenders, and, so long as money lending itself is not made an offence, there is no necessity to maintain a Registar of Money Lenders except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of debtors do not contain any provisions for the registration of Money Lenders. (Vide the Punjab Regulations of Accounts Act of 1930 and Debtors' protection Act of Madras). The compelling of Money Lenders to registar themselves and take out license will drive out the better and more respectable class of Money Lenders and the objects of the Act will

be defeated. The loss incurred by the state in its Industrial and Commercial progress for want of proper banking facilities will be enormous.

CHAPTER III

The Act gives power to the Government to prescribe the language and script to be used in keeping the accounts This provision works a great hardship on Money Lenders, as most of them are ignorant of English and local languages and scripts. If the keeping of accounts in any language other than that of the Money Lender should be insisted upon, the Money Lenders will be compelled to employ clerks, and as the Money Lenders do not know the language in which the accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or the mischief of the clerks. The Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible. Besides if such a clerk were to take leave or were to fall sick the Money Lender will not be in a position to run his business as he will not be in the know of the language and there will be heavy arrears and loss.

The bigger Money Lenders have to depend for most of their workon clerks, and it is inequitous to cancell the license of a Money Lender when the clerk alone might have been a party to the fraud of which the Money Lender was not even aware. The License of a Money Lender (even if insisted upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or agent with the knowledge and consent of the Money Lender.

On the other hand Money Lenders, who carry on a small business mostly on borrowed capital and make a

bare living cannot afford to keep a clerk because their income very often does not exceed Rs.20/- or 30/- a month.

Re: Section 13.

The Inspection of Accounts provided for in section 13 is likely to bring Banking to a stand still. Many of the borrowers go to private bankers with the object that their transactions could not be known to others as it is likely to hamper their credit and endanger their reputation. If an officer or officers appointed under the Money Lenders Act should be entitled to ransak all the transactions of a Money Lender about which there has been no suit or complaint, it will jeoparadise the business of the Money Lender. As the accounts of most of the Money Lenders will come before the court in connection with their transactions and as the accounts are periodically submitted to the Income-Tax Officer, this provision is more harmful than useful. Similar Acts in British India do not contain a like provision.

CHAPTER IV.

The rate of interest as fixed in the Act at 9% with security and 12% without security is only beneficial to high class Money Lenders. But as regards the smaller Money Lenders who borrow money from the high class Money Lenders at the present fixed rate of interest by the Government in the Act, it will not be profitable to them if they were to lend money to the middle class people on the same rate of interest. In case of items that goes to the court it may be left to the decision of the Judge to pass a reasonable rate of interest. Under the circumstances we pray that the entire question may be left to the Judicial Department.

CHAPTER V.

The penal provisions of the Actare very harsh

and bear hard on Money Lenders. As most of the Money Lenders have not learnt any other business or profession; the cancellation of the license will deprive them of their only means of livlihood and is a punishment disproportionately severe for the petty offences intended to be punished by the act. Similar Acts in British India have no anologous provision. In any event, no action under the Act should be taken unless the Money Lender has been previously warned and given an opportunity to improve.

As there is already a Law that in case a suit is brought up in a court by a Money Lender with false accounts that the Judge is competent to cancell the suit, the punishment laid down in the Act seems to be superfluous and an unnecessary hindrence to his further business. Hence we pray that the clause of punishment and the cancellation of the license may be kindly withdrawn as a single punishment is quite sufficient for his misdeed.

The Money Lenders carrying on business on a small scale are useful members of the community in that they finance petty traders on personal security and enable them to make a living. It is only with the hope of recovering some high rate of interest that induces the Money Lenders to take the risk of often losing the principle amount lent, and it is, therefore necessary that small transactions of the value of sums below Rs.50/ should be exempted from the provisions of this Act.

The credit of the small trader and the Agriculturist is already very low and this Act will make their position much worse.

We the natives of Jodhpur State doing money lending business are law abiding community, doing business in

your state since a century and so far we are doing our business without any interference from the Government and without any hinderance to any of your subjects, or without harrasing to any of the debtors unreasonably, and if at all any one tries to harass the debtor there are many chances for him to get relief by the Acts already passed such as, Ushurious Loan Act, Agriculture Act et.,. So we most humbly request that Government will exhempt our community from this Act if it is to be passed and necessary amendments being issued on this behalf.

Mysore
23rd January 1939.

M E M O R A N D U M

on the provision of

of

THE MONEY LENDERS' BILL

submitted by the

MONEY LENDERS OF MYSORE

M E M O R A N D'U M

on the Provisions

of

THE MONEY LENDERS' BILL

submitted by

THE MONEY LENDERS OF Kadood District

D.11912.

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

Memorandum on the
Provisions of the Money Lenders' Bill submitted
by The Money Lenders of
.....

The Money Lenders of Kadoor District Chikmagalur. submit the following for consideration and pray that the Provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money lenders :-

Re. Chapter II.

The Registration of Money Lenders and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self -respect of the Money Lenders. This act will place them almost on a par with criminal Tribes. The Act is intended to control the transactions which might be carried on by the Money lenders and so long as money -lending itself is not made an offence, there is no necessity to maintain a Register of Money Lenders except as a gratuitous - insult to them. Similar Acts in force in British - India intended for the benefit of Debtors do not con - tain any provision for the registration of Money - Lenders (Vide the Punjab Regulation of Accounts Act of 1930 and Debtors' Protection Act of Madras). The compelling of Money Lenders to register themselves

and take out licenses will drive out the better and more respectable class of Money Lenders, and the object of the Act will be defeated. The loss incurred by the State in its Industrial and Commercial progress for want of proper banking facilities, will be enormous.

Chapter III.

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts. This provision works a great hardship on the Money Lenders, as most of them are ignorant of English and Local languages and scripts. If the keeping of Accounts in any language other than that of the Money Lender should be insisted upon, the Money Lenders will be compelled to employ clerks, and, as the Money Lenders do not know the language in which the Accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or mischief of the clerks. The Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger Money Lenders have to depend for most of their work on clerks, and it is inequitous to cancel the license of a Money Lender, when the clerk alone might have been party to a fraud of which the Money Lender was not even aware. The License of a Money Lender (even if insisted upon)

should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or - Agent with the knowledge and consent of the - Money Lender.

On the other hand, Money Lenders, who carry on a small business mostly on borrowed capital and make a-bare-living, cannot afford to keep a clerk because their income very often does not extend to more than Rs 20/- or Rs 30/- a month.

Re. Section 13:- The Inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to private Bankers with the object that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders ' Act should be entitled to ransack all the transactions of a Money Lender, about which there has been no suit or complaint, it will jeopardise the business of the Money Lender. As the Accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income Tax Officer, this Provision is more harmful then useful. Similar Acts in British India do not contain a like provision.

Re. Chapter IV.

The rate of interest allowed under Chapter IV is too low. A large number of Money - Lenders carry on their business on moneys borrowed by them from Money Lenders doing business on a larger scale at rates of interest varying from 9 to 12 percent per annum, and, unless at least a small margin of profit is allowed to the smaller Money Lenders, they will be driven out of business. The Money lenders submit that twelve percent on secured Debts and Eighteen percent on unsecured debts may be allowed for transactions involving sums of more than Rs 50/-. As the margin of profit on transactions below Rs 50/- is very small, the rate of interest may not be fixed in such cases.

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The penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty - offences intended to be punished by the Act. Similar Acts in British India have no analogous provisions. In any event, no action under the

Act should be taken unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induces the Money Lenders to take the risk of often losing even the principal amount lent, and it is,therefore,necessary that small transactions of the value of sums below Rs 50/- should be exempted from the provisions of this Act.

The Credit of the Small Trader and the Agriculturist is/ready very low, and this Act will make his position much worse.

The Money Lenders,therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

dated.23.January,1939.

Tiptur Magadur & Kadur

S. Manjaiah Setty

S. Krishna Setty

S. Krishnaswamy Setty

M. Sattanna Setty

Sl 23 1/29

M. H. Alam — Mudigere

Mudigere

Dt 23-1-34 Mudig Mudigere. Dt Kadur.

D·11924-c

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL.

Memorandum on the
Provisions of the Money Lenders' Bill submitted
by The Money Lenders of
.....

The Money Lenders of Chitaldoorg District sub it the following for consideration and pray that the Provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money lenders :-

Re. Chapter II.

The Registration of Money Lenders and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self -respect of the Money Lenders. This act will place them almost on a par with criminal Tribes. The Act is intended to control the transactions which might be carried on by the Money lenders and so long as money -lending itself is not made an offence, there is no necessity to maintain a Register of Money Lenders except as a gratuitous - insult to them. Similar Acts in force in British - India intended for the benefit of Debtors do not con - tain any provision for the registration of Money - Lenders (Vide the Punjab Regulation of Accounts Act of 1930 and Debtors' Protection Act of Madras). The compelling of Money Lenders to register themselves

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The Bigger Money Lenders have to depend for most of their work on clerks, and it is inequitous to cancel the license of a Money Lender, when the clerk alone might have been party to a fraud of which the Money Lender was not even aware. The License of a Money Lender (even if insisted upon)

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The Credit of the Small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The Money Lenders, therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

dated.....January, 1939.

SHA HEMARAJ PHULCHAND
GENERAL MERCHANT & COMMISSION AGENT
HARIHAR.

(2)

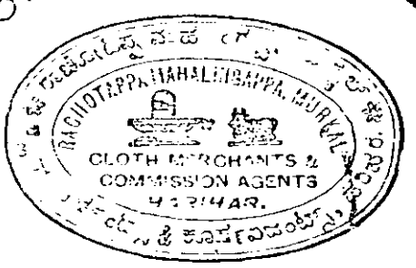
(3)

From
(4) Shah, Kesarimal Rikhabdas
Bankers, Cotton & Grain Comn. Agents
HARIHAR.
No. Date.

(5) ಈಶ್ವರಪ್ಪ ಸಂಗಪ್ಪ, ಮೊಗಲಪ್ಪನವರು; ಹರಿಹರ.

(6) निछानी व चिन्नुसा हमसागर,

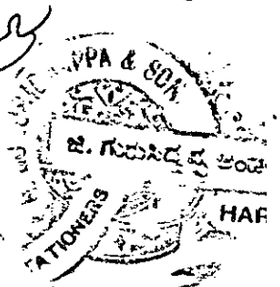
(7) हरिहर.



(8) B. Seshappa Harihar

(9) Ahulakand Bhalle Harihar

(10)



(11)

(12)

(13) Kudumi Venkachar

(14)

(15)

(16) Hm. abhishekar

(17) K. S. Jain From Date.....

M. S. T
GENERAL MERCHANT. HARIHAR.
ಯಂಗ್ ಜನರಲ್ ಮರ್ಚೆಂಟ್, ಹರಿಹರ.

8) ವಿರೂಪಾಕ್ಷಪ್ಪ, ವೆಂಕಪ್ಪ,
ಮೇಹರವಾಡೆ, ಹರಿಹರ.
V. G. MEHERWADE,
HARIHAR.

9)

10) G. S. M. Gajapur Kotrappayya & Sons,
GENERAL MERCHANTS,
HARIHAR.

11) R. T. Patkar

12) R. D. Hiregappa

13) G. Govindappa & Sons Harihar

H. HANUMANTHAPPA S. KRISHNAPPA
Merchants & Com. Agents
HARIHAR

(24)

25) G. Gadageppa Harihar

(26)

(27) Bangalore Bldg

(28)

(29) H. Muppanna for RB

(30)

(31) H.

Shal. S. M. Javantraj,
DALAL, HARIHAR.
S. M. ಜವಂತರಾಜ್ ಅಂಡ್ ಕೋ.
No.
Date

(32) Ramachandrappa

(33)

(34)

(35)

(36)

(37)

(38)

(39)

(40) J. Lakshmanna

(41)

(42)

(43)

(44)

45

46

47) ಠಠರಠಂಳ್ಳ ಸಂಬಂಭಪ್ಪ
48) ನ.ಎರಂತಪೀಳ್ಳ.ಶಿ
49) Hadair Narasimha murty
(50)

The money Lender of Chitaldroog Dist

(1) [illegible]
(2) [illegible]
(3) [illegible]
(4) [illegible]
(5) [illegible]
(6) [illegible]

SHA GANMULL SOHANMULL
CLOTH MERCHANTS, SANTHEPET.
CHITTALDROOG.

(7) Ekothabbe for. SM
(8) E. Nirigappa

ಯಿಟಗಿ ನಿಂಗಪ್ಪ ಕೊಟ್ರಪ್ಪ,
ದಲಾಲ್ ಮತ್ತು ಜವಳಿ ವ್ಯಾಪಾರಿಗಳು,
ಸಂತೇಪೇಟೆ, ಚಿತ್ರದುರ್ಗ.

(9) [illegible]
(10) [illegible]
(11) ವಿ.ಎಂ.ರಂಗಪ್ಪ
(12) ಪಸಪಲ್
(13) ಬಿ.ವೈ.ಂ ಬಸಿಂರಾಂವೈ
(14) ವಿ.ಪಿಶೇಂಪ್ರ ಪ್ಪೈಪಳಲ್ಲಿಂಸಿ.ಶಿ
(15) [illegible]
(16) Mylarappa Devagopal Rao
(17) [illegible]
(18) Speaks Cotton merchant
(19) [illegible]
(20) ಜಿ.ಮೈಲಾರಪ್ಪ ಶೇಷಗಿರಿರಾವ್

G. MYLARAPPA SESHAGIRI RAO,
CLOTH MERCHANTS SANTHEPET CHITALDROOG
ಜಿ. ಮೈಲಾರಪ್ಪ ಶೇಷಗಿರಿ ರಾವ್
ಜವಳಿ ವ್ಯಾಪಾರಿಗಳು ಸಂತೆಪೇಟೆ, ಚಿತ್ರದುರ್ಗ

(21) [illegible]

(22) Azizulla Sahib. S. J.

(23) Khandoji Rao.

(24) [illegible]

(25) S. Mahadevappa. Chitaldrug

(26) S. Ganapathiyah

(27) H. S. Krishna Setty

(28) [illegible] for A. H. S & Sons

(29) [illegible]

(30) [illegible]

(31) S. Nanjundayya

(32) [illegible]

(33) R. B. Basavaraj

(34) [illegible]

(35) B. G. Veerappa

(36) S. B. Hanmappa

(37) [illegible]

(38) Pratapchand [illegible]

39) R. Ramaiah

BUDDA YELLAPPA & BROS.
CLOTH MERCHANTS.
CHITALDROOG.

Holalkere moneylender

1) [illegible]

2) B. Rama Rao.

3) A.K. Bheemisetty

4) R. Govindarao

5) A.K. Ramaiah Setty

6) A.K. Shivaiah Setty

[illegible]
LOCAL
[illegible]

7) B. Manjunath

8) [illegible]

[illegible]

9) [illegible]

10) Anantha. M. Sanjeeva Setty & Sons of Holalkere

11) A.S. Nagaraja Setty Holalkere

12) A. L. Veerabhadrayya Setty for A.S. Lakshmana Setty & Sons.

S. HALAPPA SETTY.
LAKSHMANA SETTY.
GENERAL MERCHANTS AND COMN.
AGENTS. HOLALKERE.

13) [illegible]

14) M. Lakshmanachar

15) H.S. [illegible]

S.H. RUDRACHAR & BROS.
Bankers
[illegible]

16) H. Krishnamurthy Rao
Holalkere

Davangere. The Money Lenders.

1) [illegible]

2) [illegible]

3) [illegible]

4) [illegible]

5) [illegible]

6) [illegible]

7) [illegible]

8) [illegible]

9) [illegible]

10) [illegible]

11) Sha Mamaji Bhabuttmell. S. L.D. Hastime

12) Sha. Vane chanel

13) [illegible]

14) [illegible]

15) [illegible]

16) [illegible]

17) [illegible]

18) [illegible]

19) [illegible]

20) [illegible]

21) [illegible]

22) [illegible]

23) Rathnaswamy Eswarappa.

P Shuppanna

4. Basavannappa

5) [illegible]

6) [illegible]

7) [illegible]

30) R. Narasinga Rao. cloth merchant
Davangere

31) C. Thamu Setty

32) [illegible]

33) R. Bheema Setty

34) A. Channappa

35) [illegible]

36) [illegible]

37) H. Hanume Gowda Setty

38) [illegible]

39) G. Thimmappa

40) R. Lakshmana Setty. jeweller.

41) M. Ramu Setty

42) [illegible]

43) A. R. Yellappa for Rangappa, Doddyellappa Amberke
CLOTH MERCHANTS, DAVANGERE.

44) R. Krishnamurthy Setty

[illegible]

Davangere - Money Lender

(45) for S. Badami and Sons.

D.V.S

4 Wavale Basavannappa & Sons

47) Basavaraj M

48) Y. Chandrappa

49) B.V. Leelha Ramesh

50) [illegible]

VEERAPPA & SONS AMBERKER,
Cloth Merchants,
DAVANGERE.
ವೀರಪ್ಪ ಅಂಡ್ ಸನ್ಸ್ ಅಂಬರ್‌ಕರ್,
ಕ್ಲಾತ್ ಮರ್ಚಂಟ್ಸ್, ದಾವಣಗೆರೆ.

51) A.V. Kariyappa

52) [illegible]

53) S. Ranganathan

SHA JETHAJI NATHAMAL
DAVANGERE
MERCHANT & BANKER

54) [illegible]

55) Gurumahadevaiah

Chickjajur — money Lender —

1) [illegible]
2) [illegible]
3) [illegible]
4) [illegible]
5) [illegible]
6) [illegible]
7) [illegible]
8) [illegible]
9) [illegible]
10) [illegible]
11) Rahim chand
12 [illegible]
13 [illegible]
14 [illegible]
15 [illegible]
16 B. N. Murigendrian chickjajur
17 K. Kalasiah Setty
18 [illegible]

Kuncham Kalasiah Setty
JEWELLER MERCHANT CHICKJAJUR

M E M O R A N D U M

on the Provisions

of

THE MONEY LENDERS' BILL—

submitted by

THE MONEY LENDERS OF Chitaldoorg District

M E M O R A N D U M

on the Provisions

of

THE MONEY LENDERS' BILL

Submitted by

THE MONEY LENDERS OF Tsuen Kee
District

D.1193/&c

OFFICE OF THE SECRETARY
24 JAN. 1939
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

Memorandum on the Provisions of The
Money Lenders' Bill submitted by -
The Money Lendrs of ...Tumkur District

The Money Lenders of...Tumkur Dist...submit the following for consideration and pray that the - Provisions of the Mysore Money Lenders ' Act may be suitably amended so as to give relief to the Money Lenders:-

Re. Chapter II.

The Registration of Money Lenders and - compelling them to take a License every year does not serve any useful purpose and is dero gatory to the self -respect of the Money Lenders. This Act will place them almost on a par with Criminal Tribes. The Act is intended to control the transactions which might be carried on by the Money Lenders, and, so long as money -lending itself is not made an offence,there is no necessity to maintain a Register of Money Lenders except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of debtors do not contain any provision for the registration of Money Lenders. (Vide the Punjab

Punjab Regulation of Accounts Act of 1930 and debtor's protection Act of Madras). The compelling of Money Lenders to register themselves and take out licenses will drive out the better and more respectable class of Money Lenders and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and commercial progress for want of proper banking facilities, will be enormous.

Chapter III.

The Act gives power to the Government to proscribe the language and script to be used in keeping the Accounts. This Provision works a great hardship on the Money Lenders, as most of them are ignorant of English and Local languages and scripts. If the keeping of Accounts in any language other than that of the Money Lender should be insisted upon, the Money Lenders will be compelled to employ clerks and, as the Money Lenders do not know the language in which the Accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or mischief of the clerks. The Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger Money lenders have to depend for most of their work on clerks and it is

inequitous to cancel the License of a Money Lender when the clerk alone might have been party to a - fraud of which the Money Lender was not even aware. The License of Money Lender (even if insisted - upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or agent with the knowledge and consent of the Money Lender.

On the other hand, Money Lenders, who carry on a small business mostly on borrowed capital and make a bare living, cannot afford to keep a clerk because their income very often does not extend to more than Rs 20/- or Rs 30/- a month.

Re : Section 13. The inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to - private Bankers with the object that their transactions should not be known to others as it is likely to - hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders ' Act should be entitled to ransack all the transactions of a Money Lender about which there has been no suit or complaint, it will jeopardise the business of the money lender. As the Accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income-tax Officer, this Provision is more harmful than useful.

Similar Acts in British India do not contain a like provisi

Re. Chapter IV.

The rate of interest allowed under-Chapter IV is too low. A large number of Money Lenders - carry on their business on moneys borrowed by them from Money lenders doing business on a larger - scale at rates of interest varying from 9 to 12 per cent per annum , and, unless a small margin or profit is allowed to the smaller Money Lenders, they will be driven out of business. The Money Lenders submit that twelve per cent on Secured Debts and Eighteen percent on unsecured debts may be - allowed for transactions involving sums of more than Rs 50/- . As the margin of profit on - transactions below Rs 50/- is very small, the rate of interest may not be fixed in such cases.

Re. Chapter. V.

The Penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty offences intended to be - punished by the Act. Similar Acts in British India have no analogous provision. In any event, no action under the Act should be taken unless the

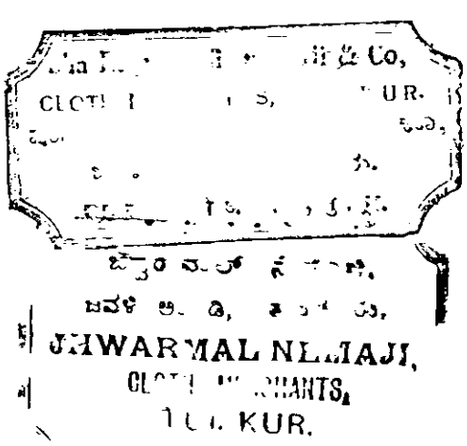
unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induce the Money lenders to take the risk of often losing even the principal amount lent, and it is, therefore, necessary that small transactions of the value of sums below Rs 50/- should be exempted from the provisions of this Act.

The credit of the Small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The Money Lenders, therefore, most respectfully submit that their view may be given due consideration and the Act be suitably modified.

dated January.1939.



S. Lu-Linga Setty.

T. N. Ramachandra Rao 21/1/39

D. Subba Rayappa Setty 21/1/39

D. Z. Vishwa Nattho 21-1-39

Thantha Narayana Setty.

Makam Subbaroyappa Setty

[illegible]

[illegible]

I. Mohamed yousuf Merchant

Thirth Ramanna

T. G. Balappa

H. Mallikarjuna Chetty & Sons

[illegible]

R. Venkatarao & Sons

T. V. [illegible] Rao

[illegible]

Mohan Coffee Works
HORAPET, TUMKUR.

T. N.
Ramachandra Rao,
SINDYA.
Cloth Merchant, Tumkur

A. K. Naranappa & Sons

[illegible]

Makam Gangadharish & Sons.

T. G. Sivarama Setty - Cloth Merchants Tumkur

D. Rama Krishna Setty

K. Abdul Rahiman Sahib

T. ANANTHARAMA SETTY.
D. RAMAKRISHNA SETTY.
Cloth Merchants, Tumkur.

G.M. GUBBANNA & SONS
MUNDY MERCHANTS,
TUMKUR

ಜಿ. ಮಲ್ಲಣ್ಣನವರ ಗುಬ್ಬಣ್ಣ & ಸನ್ಸ್
ಮಂಡಿಮರ್ಚೆಂಟ್ಸ್, ತುಂಕೂರು

K.H. SHAMA RAU & SONS
TAILORING COMPANY
TUMKUR, MYSORE STATE

For ADAM ABDUL KARIM SAIT.
TUMKUR.

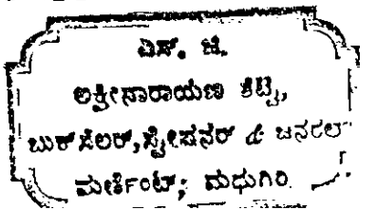
G. P. ANANTHARAJAPPA & SONS,
MANDY, TUMKUR.

B. S. SUBBARAYAPPA & BROS.
MANDY, TUMKUR.

P. RUDRAPPA & SONS,
GNL. MERCHANTS & COMN. AGENTS,
MADHUGIRI.

D. N. VISWANATHAPPA & BROS.
General Merchants,
MADHUGIRI.

M. RAMAIYA SETTY
Representative:-
THE GENERAL ASSURANCE SOCIETY LTD.,
Bazaar St. MADHUGIRI.
K. N. Ganjacnara Setty,
628, Bazar Street. Madhugiri.



G. Aswathja Setty

H N. arashimmurty Setty

Tiptur

Jhaverchand Ramaji Tiptur

R. C. Incleala Tiptur

Sha Jubaraad Sakalsaad Tiptur

B. Nanjappa Merchant Tiptur

B. NANJAPPA. SOMANNA. TIPTUR.
ಬಿ. ನಂಜಪ್ಪ, ಸೋಮಣ್ಣ,
ಬಟ್ಟೆ, ಬೆಳ್ಳಿ ಮತ್ತು ಜವಳಿ ಅಂಗಡಿ, ತಿಪಟೂರು

A. M. Srinivasamurthy Merchant Tiptur

H. Sree Ramaiah Cloth merchants Tiptur

SRI JAYALAKSHMI HALL
H. SriRamaiah Lakshmaiah
Cloth Merchants, TIPTUR.
ಚಿಕ್ಕನಾಯಕನ ಹಳ್ಳಿಯವರ ಅಂಗಡಿ
ಹೆಚ್ ಶ್ರೀರಾಮಯ್ಯ ಲಕ್ಷ್ಮಯ್ಯ
ಜವಳಿಅಂಗಡಿ, ತಿಪಟೂರು.

J. Narayana Setty

G S. Ashwathaiya

E. Rajappa

G Chetty

S. G. Siddappa.

B.N. Sreekantaiah.

H. KRISHNAIAH & BROTHERS
TIPTUR.

ಶಂಕರಭಟ್ಟ ಪ್ರಾವಿಜನ್ ಸ್ಟೋರ್ಸ್
ಪ್ರೊಪ್ರೈಟರ್
L.V. ಅಶ್ವತ್ಥನಾರಾಯಣಶಾಸ್ತ್ರಿ
ತಿಪಟೂರು

D. Siddalingappa Gard. merchant Tiptur

VALLI MOHAMAD ABDUL SATAR
MERCHANT. TIPTUR

P.T. Lakshmaiah Tiptur

K. Kariyappa & Brothers Tiptur

Hagi Ganijan mamed Sait Tiptur

Abobakhar Abdul Gani Sait
Merchant, TIPTUR.
ಅಬ್ಬಾಬಕ್ಕರ್ ಅಬ್ದುಲ್ ಗನ್ನಿ ಸೇಟ್.
ಮರ್ಚೆಂಟ್, ತಿಪಟೂರು.

ABDUL GANNI KARIM SAIT
GENERAL MERCHANT
TIPTUR. (M. S. M. Ry.)
ಅಬ್ದುಲ್ ಗನ್ನಿ ಕರೀಮ್ ಸೇಟ್
ಜನರಲ್ ಮರ್ಚಂಟ್, ತಿಪಟೂರು.

B. G. Lingappa Tiptur

K. K. Lingappa

K. Narayana

M. K. Sivanjappa

K. Sreekanteswara Tiptur

For M. Sivabasappa & Sons
Monday Tiptur

T. N. Ramaiah Setty.

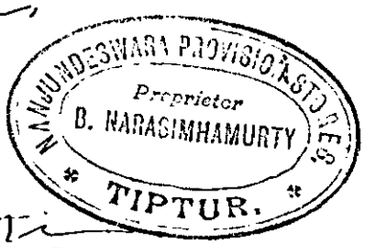
K. N. Ramaswamy Setty.

H. B. Somanna

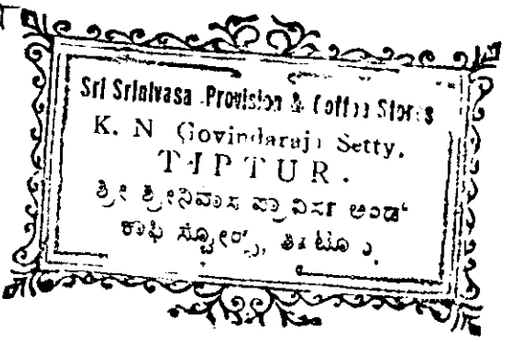
K. N. Chandrashekhara Setty.

V. Lakshmana Rao.

For Abdul Lateef Sait, T. Mohamed Ibrahim Sahib,



K. N. Govindaraj Setty.



Osman Abdul Kareem Sait

D. Ramachandraiah

Ali mohamed Suleiman & Sons

For Ali Mohamed Suleman Sait & Sons.

C. S. Narayana Setty

S. Y. Mallikarjunappa

S. Linganna

D.1194/L.C

Do

The president
Mysore legislative council
public offices
Bangalore

MEMORANDUM

on the Provisions of The Money Lenders Bill submitted by the Money Lenders of

.....

The MONEY LENDERS Kolar District.....submit the following for consideration and pray that the provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money Lenders:-

Re. Chapter II.

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and take out licenses will drive out the better and more respectable class of Money Lenders and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and Commercial progress for want of proper banking facilities, will be enormous.

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The Inspection of Accounts provided for in Section 13 is likely to bring Banking to a stand still. Many of the borrowers go to Private - Bankers with the object that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders Act should be entitled to ransak all the transactions of a Money Lender about which there has been no suit or complaint, it will jeopardise the business of the Money Lender. AS the accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income-tax Officer ,this Provision is more harmful than useful. Similar Acts in British India do not contain a like provision.

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The rate of interest allowed under Chapter IV is -too low.

low. A large number of Money Lenders carry on their business on moneys borrowed by them from Money Lenders doing business on a larger scale at rates of interest varying from 9 to 12 per cent per annum, and, unless at least a small margin of profit is allowed to the ~~ex~~ smaller Money - Lenders, they will be driven out of business. The Money Lenders submit that twelve percent on Secured Debts and Eighteen percent on un - secured debts may be allowed for transactions involving sums of more than Rs 50/-. As the margin of profit on transactions below Rs 50/- is very small, the rate of interest may not be fixed in such cases.

Re. Chapter. V.

The Penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment dis - proportionately severe for the petty offences intended to be punished by the Act. Similar Acts in British India have no analogous provision. In any event, no action under the Act should be taken unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some high - rates of interest that induces the Money - Lenders to take the risk of often losing even the Principal amount lent, and it is, therefore necessary that small transactions of the value of sums below Rs 50/- should be exempted from the provisions of this Act.

The credit of the small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The Money Lenders, therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

Dated 2-3-Jany.1939.

for
mappa

V. Venkatarayappa

K. Chennappa

Chickaballapur

Chikkaballapur Swathanthranian

P. [illegible] Secy

C. M. Amaiahppa

T. Anjaneya

M. L. Krishnamurthy Setty

K. Venkataramaiah

K. S. Shankaramaiya

T. R. Gopalakrishnaiah Setty

B. M. Kotturandaramaiah Setty

J. Ramachandra Rao

B. L. Venkatapathiah

B. V. Samjeevaiah Setty

B. P. Chandra Gupta

B. V. Rajalakshmamma Setty

B. L. Ashwatha Narayana Setty

A. N. Chandraiah Setty

K. R. Krishnaiah Setty

B. Thayappaiah

B. N. Gopalaiah Setty

M. Muniyappa Setty

B/ Gazette

A.L. Venkatasubbaiah

A.L. Srinivasaiah

Sreenivasaiah

B. N. Ramiah Esq.

G. S. Ramaswamy Esq

Tahsildar

Tahsildar

Amaldar

Amaldar

Circle Inspector

Circle Inspector

Village Accountant

Village Accountant

Village Officers

Village Officers

Village Officers

R.V. Siddhantravadhya
Vice President
R.A. & District Board
Member
Chintamani

V. Ramaiah.

Nama Ramachandraiah
Municipal Councillor
Chintamani

N. C. Gopalakrishna Setty

Nama Ramachandraiah

K. Venkatanarayanappa

Nama Surayanarayanaiya

Nama Sanjeevaiah Setty.

P. R.

P. Ramaiah Setty
Municipal Councelor
Chintamani

Venkata Ramanayya

B.S. Narsinda Ramaiah Setty

H. Balaramaiah Setty
municipal councelor
chintamani

K.S. Gopalakrishna Set

K. Gopalakrishna

D. Ramaiah.

K. V. Venkatachalapathy

R. M. Nanjappa Alias Doddappa
Municipal
Councillor.

M. Channaraya Setty 21/1/39

H. V. Venkatachalapathy

V. N. Venkatachalapathy

M. N. Krishnappa

Mangli Thimaiah Setty

J. Huchappa

R. Papaiah

N. Ramaiya Chetty

A.K. Chandrashekhar

A. Narayanaswamyaiah

N. Krishnamurthy Setty.

B. Ramaiah

N. Venkatachalapathy

M E M O R A N D U M

on the Provisions

of

THE MONEY LENDERS' BILL

submitted by

THE MONEY LENDERS OF Kolar Dist

D.1214/Rc

M E M O R A N D U M.

On the Provisions of The Money Lenders Bill submitted by the Money Lenders of

****

The MONEY LENDERS ..... submit the following for consideration and pray that the provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money Lenders:-

Re- Chapter II.

The Registration of Money Lenders and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self-respect of the Money Lenders. This Act will place them almost on a Par with Criminal Tribles. The Act is intended to control the transactions which might be carried on by the Money Lenders, and, so long as Money Lending itself is not made an offence, there is no necessity to maintain a Register of Money Lenders except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of Debtors do not contain any provisions for the registration of Money Lenders. (Vide the Punjab Regulation of Accounts Act of 1930 and Debtors" Protection Act of Madras). The Compelling of Money Lenders to register themselves and take out Licenses will drive out the better and more respectable class of Money Lenders and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and Commercial progress for want of proper banking facilities, will be enormous.

Chapter.III.

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts.

This provision works a great hardship on the Money Lenders, as most of them are ignorant of English and Local Language and scripts. If the keeping of Accounts in any language other than that of the Money Lender should be insisted upon the Money Lenders will be compelled to employ clerks, and as the Money Lenders should be the language in which the Accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or mischief of the clerks. They Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger Money Lenders have to depend for most of their work on clerks, and it is inequitous to cancel the License of a Money Lender when the clerk alone might have been party to a fraud of which the Money Lender was not even aware. The License of a Money Lender (even if insisted upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or agent with the knowledge and consent of the Money Lender.

On the other hand, Money Lenders, who carry on a small business mostly on borrowed Capital and make a bare living, cannot afford to keep a clerk because their income very often does not extend to more than Rs.20/- or Rs.30/- a month.

Re.Section 13.

The Inspection of Accounts provided for in Section 13 is likely to bring Banking to a standstill. Many of the borrowers go to Private Bankers with the object that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation

If an Officer or Officers appointed under the Money Lenders Act should be entitled to ransack all the transactions of a Money Lender about which there has been no suit or complaint, it will jeopardise the businessof the Money Lender. As the accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income-tax Officer, this Provision is more harmful than useful. Similar Acts in British India do not contain a like provision.

Re.Chapter.IV.

The rate of interest allowed under Chapter IV is too low. A large number of money Lenders carry on their business on moneys borrowed by them from Money Lenders doing business on a larger scale at rates of interest varying from 9 to 12 per cent per annum, and, unless at least a small margin of profit is allowed to the smaller Money Lenders, they will be driven out of business. The Money Lenders submit that twelve per-cent on Secured Debts and Eighteen per - - - - cent on unsecured debts may be allowed for transactions involving sums of more than Rs.50/-. As the margin of profit on transactions below Rs.50/- is very smal, the rate of interest may not be fixed in such cases.

Re.Chapter.V.

The Penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment dis-proportionately severe for the petty offences intended to be punished by the Act. Similar Acts in British India

have no analogous provision. In any event, no action under the Act should be taken unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some high rates of interest that induces the Money Lenders to take the risk of often losing even the Principal amount lent, and it is, therefore necessary that small transactions of the value of sums below Rs.50/- should be exempted from the provisions of this Act.

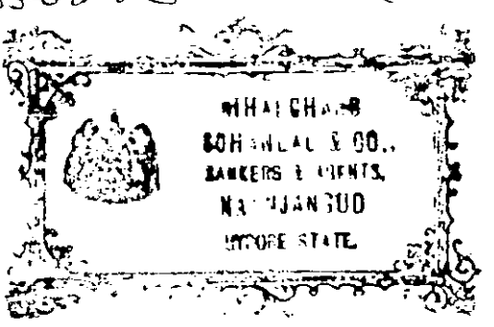
The credit of the small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The Money Lenders, therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

Dated .....January.1939.

Nyalchand Sowchand

M. H. Mohamadmall



M E M O R A N D U M

on the Provisions

of

THE MONEY LENDERS' BILL

submitted by

THE MONEY LENDERS OF Hassan District

D.1215/Re

Memorandum on the
Provisions of the Money Lenders' Bill submitted
by The Money Lenders of
.....

The Money Lenders of..Hassan District..sub it the following for consideration and pray that the Provisions of the Mysore Money Lenders' Act may be suitably amended so as to give relief to the Money lenders

Re. Chapter II.

The Registration of Money Lenders and compelling them to take a License every year does not serve any useful purpose and is derogatory to the self -respect of the Money Lenders. This act will place them almost on a par with criminal Tribes. The Act is intended to control the transactions which might be carried on by the Money lenders and so long as money -lending itself is not made an offence, there is no necessity to maintain a Register of Money Lenders except as a gratuitous - insult to them. Similar Acts in force in British - India intended for the benefit of Debtors do not con - tain any provision for the registration of Money - Lenders (Vide the Punjab Regulation of Accounts Act of 1930 and Debtors' Protection Act of Madras). The compelling of Money Lenders to register themselves

and take out licenses will drive out the better and more respectable class of Money Lenders, and the object of the Act will be defeated. The loss incurred by the State in its Industrial and - Commercial progress for want of proper banking facilities, will be enormous.

.....Chapter III.

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts. This provision works a great hardship on the Money Lenders, as most of them are ignorant of English and Local languages and scripts. If the keeping of Accounts in any language other than that of the Money Lender should be insisted upon, the Money Lenders will be compelled to employ clerks, and, as the Money Lenders do not know the language in which the Accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or mischief of the clerks. The Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger Money Lenders have to depend for most of their work on clerks, and it is inequi - tous to cancel the license of a Money Lender, when the clerk alone might have been party to a fraud of which the Money Lender was not even aware. The License of a Money Lender (even if insisted upon)

should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or - Agent with the knowledge and consent of the - Money Lender.

On the other hand, Money Lenders, who carry on a small business mostly on borrowed capital and make a bare living, cannot afford to keep a clerk because their income very often does not extend to more than Rs 20/- or Rs 30/- a month.

Re. Section 13:- The Inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to private Bankers with the object that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders ' Act should be entitled to ransack all the transactions of a Money Lender, about which there has been no suit or complaint, it will jeopardise the business of the Money Lender. As the Accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income Tax Officer, this Provision is more harmful then useful. Similar Acts in British India do not contain a like provision.

Re. Chapter IV.

The rate of interest allowed under Chapter IV is too low. A large number of Money Lenders carry on their business on moneys borrowed by them from Money Lenders doing business on a larger scale at rates of interest varying from 9 to 12 percent per annum, and, unless at least a small margin of profit is allowed to the smaller Money Lenders, they will be driven out of business. The Money lenders submit that twelve percent on secured Debts and Eighteen percent on unsecured debts may be allowed for transactions involving sums of more than Rs 50/-. As the margin of profit on transactions below Rs 50/- is very small, the rate of interest may not be fixed in such cases.

Re. Chapter. V.

The penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty offences intended to be punished by the Act. Similar Acts in British India have no analogous provisions. In any event, no action under the

Act should be taken unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on small scale are useful members of the Community in that they finance petty traders on personal securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induces the Money Lenders to take the risk of often losing even the principal amount lent, and it is,therefore,necessary that small transactions of the value of sums below Rs 50/- should be exempted from the provisions of this Act.

The Credit of the Small Trader and the Agriculturist is already very low, and this Act will make his position much worse.

The Money Lenders,therefore, most respectfully submit that their views may be given due consideration and the Act be suitably modified.

The Signallers at Sakalaspur Town of Merchants

dated.....January,1939.

34
35 For M. Subbegowda & Sons.
36
37
38
39
40
41

7 S. A. Nanjaraja Setty

8 S. Sa Surfa

9 [illegible]

10 [illegible]

11 B. Nanjappa

12 B. K. [illegible]

13 J. C. C. Aravalliya

14 [illegible]

15 [illegible]

16 [illegible]

17 [illegible]

18

19

20 Sk. Shamshuddin

21 [illegible]

22 [illegible]

23 [illegible]

24 [illegible]
Hassan.

25 [illegible]

26 N. RajaRamRao

27 [illegible]

28 S. P. Ramakrishnappa

9 municipal councilor

30 K. S. [illegible]

31 H. C. Ramanna Landholder
Hassan

32 for P. Venkataraganappa Setty & Sons.

33 H. V. L. Setty

42 [illegible]

43 [illegible]

44

45 H. P. Dharmappa

46 H. Y. [illegible]

47 H. P. Padmarajaiah

48 H. B. [illegible]
Hassan

49 [illegible]

50 H. C. VENKATARAYA SETTY & SONS
GENERAL MERCHANTS, HASSAN.
ಹೆಚ್. ಸಿ. ವೆಂಕಟರಾಯಶೆಟ್ಟಿ ಅಂಡ್ ಸನ್ಸ್
ಜನರಲ್ ಮರ್ಚೆಂಟ್ಸ್, ಹಾಸನ.

51 H. P. [illegible]

52 HB. [illegible]

53 FOR H. S. PUTTASHAMIAH & SONS.

54

56 S. P. Manikya Raj
Proprietors.
Hassan

56 H. P. Dharmaiah Hassan

57 H. P. SUKUMARAIAH & BROS
GENERAL MERCHANTS, HASSAN.
ಹೆಚ್. ಪಿ. ಸುಕುಮಾರಯ್ಯ & ಬ್ರದರ್ಸ್
ಜನರಲ್ ಮರ್ಚೆಂಟ್ಸ್, ಹಾಸನ.

58 C. Nanjappa
Cloth merchant
Hassan

59 [illegible]

60 H. P. [illegible]

61 T. Padmanabha Setty
[illegible]

62

63 [illegible]

64 [illegible]

65 K. P. Shankaraiah

66 G. T. Rayappa

67 PRABHAKARA STORES,
H. V. CHANDRA SETTY,
GENERAL MERCHANT & COMMISSION AGENT,
HASSAN.
H.V. Chandra Setty

68 J.P Agrawal
Agra

69

70

71

87 G. Narasinga Rao

88

89 Ali Mahomed Sulliman
ROHANA
BOMBAY C.
J P.

90

91

92

93

94

95

96

96 SHA. PUKRAJ-NEMECHAND
CLOTH MERCHANTS
ARSIKERE COMMERCIAL

97

98

99

100

101

102 Omar Cassim Sait

103

104

105 M. J. Ramoji and Co

106 M.

107 Sha Chunnilal Harkchand,
Cloth Merchant & Insurance Agent
ARSIKERE.

108

109 S. Lingiah

110 K.V. Narasimhasetty

111

112

113 M. Venkataramana

1

2

3

4

5

6 N. Nagappa

7 H.N.

8 N. R. Thimmappa

9 L. R. Viswanatha Rao

10

11 Arsikere Vilas.

12

13 B. Veeroji Rao
General Merchant

114. [illegible]

115 [illegible]

116 [illegible]

117 M S Adinarayanashetty

118 [illegible]

119 [illegible]

For Orekondy Murugendrappa.

120 Nimpanna Ry

121 B.C. [illegible]

122 [illegible]

123 K Banaffo for C K Shettar

124 M/s Basappa Merchants Arsikere

IS.

125 A.P. Shankaranarayana

for

126 [illegible]

[illegible]

127 H. M. SUBBARAYA SETTY
CLOTH MERCHANT, ARSIKERE.

128. [illegible]

129 SREEKANTA SETTY
Cloth Merchant,
ARASIKERE.

130. P. [illegible]

M E M O R A N D U M

on the provisions

of

THE MONEY LENDERS' BILL

submitted by

THE MONEY LENDERS OF Shemoga District

D.1216/Re -

Memorandum on the Provisions of The Money Lenders' Bill submitted by The Money Lendrs of Shimoga District

The Money Lenders of Shimoga District submit the following for consideration and pray that the Provisions of the Mysore Money Lenders ' Act may be suitably amended so as to give relief to the Money Lenders:-

Re. Chapter II.

The Registration of Money Lenders and compelling them to take a License every year does not serve any useful purpose and is dero gatory to the self -respect of the Money Lenders. This Act will place them almost on a par with Criminal Tribes. The Act is intended to control the transactions which might be carried on by the Money Lenders, and, so long as money -lending itself is not made an offence, there is no necessity to maintain a Register of Money Lenders except as a gratuitous insult to them. Similar Acts in force in British India intended for the benefit of debtors do not contain any provision for the registration of Money Lenders. (Vide the Punjab

Punjab Regulation of Accounts Act of 1930 and debtor's protection Act of Madras). The compelling of Money Lenders to register themselves and take out licenses will drive out the better and more respectable class of Money Lenders and the objects of the Act will be defeated. The loss incurred by the State in its Industrial and commercial progress for want of proper banking facilities, will be enormous.

Chapter III.

The Act gives power to the Government to prescribe the language and script to be used in keeping the Accounts. This Provision works a great hardship on the Money Lenders, as most of them are ignorant of English and Local languages and scripts. If the keeping of Accounts in any language other than that of the Money Lender should be insisted upon, the Money Lenders will be compelled to employ clerks and, as the Money Lenders do not know the language in which the Accounts are kept, they will be unable to check the clerks and will become liable for severe penalties for the carelessness or mischief of the clerks. The Money Lenders will thus become liable for wrongs for which they cannot be held justly responsible.

The Bigger Money lenders have to depend for most of their work on clerks and it is

inequitous to cancel the License of a Money Lender when the clerk alone might have been party to a fraud of which the Money Lender was not even aware. The License of Money Lender (even if insisted upon) should not be cancelled unless he was himself responsible for any fraud on the debtor or the fraud was committed by his clerk, servant or agent with the knowledge and consent of the Money Lender.

On the other hand, Money Lenders, who carry on a small business mostly on borrowed capital and make a bare living, cannot afford to keep a clerk because their income very often does not extend to more than Rs 20/- or Rs 30/- a month.

Re : Section 13. The inspection of Accounts provided for in Section 13 is likely to bring banking to a standstill. Many of the borrowers go to private Bankers with the oject that their transactions should not be known to others as it is likely to hamper their credit and endanger their reputation. If an Officer or Officers appointed under the Money Lenders Act should be entitled to ransack all the transactions of a Money Lender about which there has been no suit or complaint, it will jeopardise the business of the money lender. As the accounts of most of the Money Lenders will come before the Courts in connection with their transactions and as the Accounts are periodically submitted to the Income-tax Officer, this Provision is more harmful than useful.

Similar Acts in British India do not contain a like provision.

Re. Chapter IV.

The rate of interest allowed under Chapter IV is too low. A large number of Money Lenders - carry on their business on moneys borrowed by them from Money lenders doing business on a larger - scale at rates of interest varying from 9 to 12 per cent per annum , and, unless a small margin or profit is allowed to the smaller Money Lenders, they will be driven out of business. The Money Lenders submit that twelve per cent on Secured Debts and Eighteen percent on unsecured debts may be - allowed for transactions involving sums of more than Rs 50/- . As the margin of profit on - transactions below Rs 50/- is very small, the rate of interest may not be fixed in such cases.

Re. Chapter. V.

The Penal Provisions of the Act are very harsh and bear hard on the Money Lenders. As most of the Money Lenders have not learnt any other business or profession, the cancellation of their License will deprive them of their only means of livelihood and is a punishment disproportionately severe for the petty offences intended to be - punished by the Act. Similar Acts in British India have no analogous provision. In any event, no action under the Act should be taken unless the

unless the Money Lender has been previously warned and given an opportunity to improve.

The Money Lenders carrying on business on a small scale are useful members of the Community in that they finance petty traders on personal - securities and enable them to make a living. It is only the hope of recovering some higher rates of interest that induce the Money lenders to - take the risk of often losing even the principal amount lent, and it is, therefore, necessary that small transactions of the value of sums below - Rs 50/- should be exempted from the provisions of this Act.

The credit of the Smal Trader and the Agricul turist is already very low, and this Act will - make his position much worse.

The Money Lenders, therefore, most respect - fully submit that their view smay be given due consideration and the Act be suitably modified.

Yours faithfully,

dated 23 January.1939.

Jankere.
Kadur District

Merchand Kundanmal
merchant

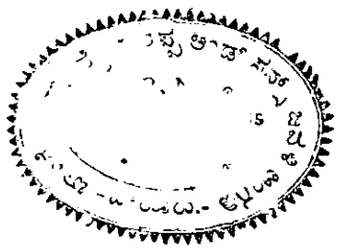
SHA JAVARMALL
SANTHOCHAND & SON, TRIKER

Birur Town

M.V. Anderson

GEMAWETH ASALDAS
GULABCHAND & CO.,
BANKERS AND CLOTH
MERCHANTS
BIRUR M. S. M. RAILWAY

B.S. Veerabhadrappa.



T. Forcker.

M. Saheb.
Municipal Councillor.
Tanjore.

H. G. Krishnamachariar
municipal Councillor
Tanjore.

T. R.

municipal councillor

Basel Mission
Industrial Board Member

Bhadravati

Sho Wal Chand merchants.
Jorikere

A Thippaiah.
Toy Contractor

B. Marigoppa. Merchant Bhadravati

B. Shivagappa

Shri Lannaveeru. Bhadravati.

B. Manjunath Setty

T. R Lakshmana Murthy

K. Ramu Murthy

B. S. Bheemasetty.

Basto mal Bhadravati

Keshari mal Bhadravati

A Y Ahmed
general merchant

H. M. T. Ramachandra Rao

Krishnaji Rao

Abdul Samad

Takmodom &c.
Merchants

M. Kasturi

K. Salgia
Shimoga

Puthumohund Kusturji & Co
SHROFF MERCHANTS.
SHIMOGA

T. Narayana Setty
Shimoga.

K. Rangappa.
Jeweller
Shimoga

H. Subba Rao

Shanthappa Gopaj

N. Gopala Rao

SHANTHAPPA DUNDAPPA DINAKAR
BRASS & COPPER
MERCHANT
SHIMOGA

B. Rudraiah

THE SHREE DINC AGENCY
SHIMOGA

J. A. Clarke

MEMORANDAM SUBMITTED TO THE GOVERNMENT OF H. H. THE MAHARAJA OF MYSORE, IN THE LEGISLATIVE DEPARTMENT, by Multani Money-lenders of Bangalore City and Mysore.

1. On behalf of the large class of (middle class) Multani money lenders of Mysore State and particularly of Bangalore and Mysore Cities, we the undersigned, members of a Joint Committee appointed at Public Meeting of the above mentioned money lenders held at Bangalore on the 8th inst. and at Mysore on the 10th inst, submit this memorandum, pointing out the very serious difficulties, inconvenience and loss, which are likely to result to the money lenders as a class, and to us particularly if the Bill which has been published in the Mysore Gazette on the 22nd December 1938 is passed into law particularly in its present form.

2. We submit that the Bill is entirely unnecessary. The various pieces of legislation which are already in force in Mysore, such as, the Usurious Loans act, the Agriculturists' Relief Act and the Debt Conciliation Act, the new amendments to the Civil Procedure Code, are more than sufficient to afford every kind of relief to all classes of debtors. There is provision in these acts for reducing rates of interest, re-opening and examining accounts from the commencement of the transaction and the taking of accounts after calculating a lower rate of interest from the beginning of the transaction, (so that even interest that has been paid already and appropriated would be re-opened), granting of instalments, exemption from arrears, attachment and sale of immovable properties belonging to the agriculturists, exemption from attachment of lower official salaries and scaling down of debts etc.

3. The present Bill, if it is passed, would merely operate most harshly against the money lenders as a class without in any way adding materially to the reliefs, which the debtors are already enjoying. The form in which it is brought is also open to very serious objections, which we beg leave to place before the Government.

4. In general, the Bill is extremely vague and indefinite and would afford enormous scope for harassment of the money lenders. The Bill provides enormous powers under the rule making provisions. It is submitted that to leave all the most cardinal and vital matters such as terms of registration, licensing etc., to be decided by and left open to be changed by rules by executive authority is not in consonance with the accepted principle that legislation must be precise and must be passed in the legislature after full discussion and that the legislature must take the full responsibility for all the complications and results of the Bill. It is respectfully suggested that the bill and the rules to be framed thereunder and the forms ought to be circulated widely and the views and opinions of bankers , money-lenders and commercial people sought or taken before placing the same before the Legislature.

5. It must be recognised that "Money Lending" as such is not an evil. It has been and is responsible for the development of commerce and industry and is neeessary as much to the agriculturist as to the trader and the wage earner. And ordinary banks have not and will never be be able to fill the place of the ordinary money lenders, who get into closer and more human touch with the debtors, can appreciate their difficulties, lend with sympathy, often

often times taking great risks of losing the money. They very often remit quite substantial sums, if the debtor falls on evil days but is honest, and bonafide. They are the mainstay of the small retail trader and petty merchant, assisting him frequently with capital for his trade and thereby aiding and encouraging business and industrial enterprise.

6. We, Multanies, as a class are as law abiding and loyal honest citizens of the State as any other class of persons carrying on other professions and we submit that there is absolutely no justification for a piece of legislation like the present in which the whole class of money lenders are treated almost on a par with criminal tribes, necessitating registration, licensing, inspections of and interference in their private dealings and transactions. The Bill is too one sided and gives no corresponding rights or show the least sympathy to the money lenders. The Government have been pleased to state in their statement of objects and reasons for bringing forward this present legislation that they are anxious to see that the Bill does not unnecessarily harass money lenders, we would therefore appeal to Government that we the Multani Money Lenders, who have built up a widespread fabric of Banking business may be exempted from the operation of the bill, even if it is ultimately passed into law. We desire to bring also its most objectionable features to the notice of Government, so that they may be omitted or corrected. We submit that credit is a delicate organism and if the Multani money lenders are scared out of the field and take to other business it will create a real void in the scheme of supply of credit and finance and will act as a great damper of trade and commerce. There has been no such widespread clamour in the Mysore State as to render necessary a very

very drastic piece of legislation like the present one and both the creditor, while pressing his claims and the local courts, while enforcing them have always been much more sympathetic to the debtors than in some other neighbouring provinces.

7. Coming to particular provisions of the proposed Bill:--

Re: Sections 3 to 8 Registration and Licencing of Money Lenders."--The prescribed form is not published with the Bill and it is not known what is the nature of the information which will be called for and noted in the said Register. It is not also clear from the Regulation whether even persons who casually lend small sums or Banks like the Mysore bank, Imperial Bank and co-operative Banks would come under the scope of the Bill. We learn that this idea of Registration and Licensing has never found favour elsewhere and has been given up after discussion in British Indian Provinces where such a bill as the present one was attempted to be introduced as being entirely useless and being unnecessarily harsh (Vide page 90 of the Report of the Indian Banking Enquiries Committee's Report.) There seems to be absolutely no object or use or advantage to - - anybody by such registration and licensing while they merely harss in the money lenders.

There is no reason at all why the duration of such registration, even if it is felt necessary, should be only for three years. It might at least be made for life, as, otherwise, it will be a source of constant and recurring worry, trouble and expense to renew the registration and licenses.

This system of taking out annual licenses "in such form and subject to such conditions as may be prescribed" in

is very vague and is particularly humiliating to and would afford plenty of scope for harassment of the money lender. We are already paying profession taxes, income tax and other direct and indirect taxes and this will add further burden.

The proposal for the taking out of licenses every year is perhaps the most objectionable feature of the Bill and we earnestly pray it may be omitted. It would ultimately place the money lenders absolutely and periodically at the mercy of petty subordinate officials and mischivous debtors. What the conditions would be and how they may be changed also are not stated. It is not even provided whether if the license once granted is cancelled the money lender can recover what he has advanced already. This last is mentioned as an example to show how indefinite the Bill is.

8. REGULATION OF ACCOUNTS.

While conceding that regular accounts should be maintained by money lenders which all of us are already doing, it is submitted that the prescription of form, language, script and numerals, is unduly interfering with and taking away the ordinary liberty of the individual. It would add materially to our expenses by having to engage clerks. At present we mostly write our own accounts and if the rate of interest is also to be reduced there will be no margin for such extra expenses. Moreover, the memorialists here-in may not know the script, as a matter of fact practically none of them know any script other than their own, in which the accounts are directed to be maintained with the result that they would be entirely at the mercy of their own clerks and would find it very difficult to maintain accounts or keep proper control over their own business. Moreover, there is no common language

language in force in the whole of Mysore and Canarese or English would not be understood also by Muslims and the Telugu and Tamil speaking people or money lenders. It is quite easy for the Government to appoint a few officials who know these few common languages to interpret and read and translate the accounts in courts. The creditors may therefore be left to keep accounts in any language, which they choose, but they may be directed to deliver statements of accounts to the debtors on demand in English or in Kanarese. This will be fully sufficient to safeguard the debtors' interest. This is especially so in the case of us multani money lenders whose accounts and transactions have never been doubted or disregarded in any civil or criminal court and which have acquired a most enviable reputation for honesty and integrity. Whenever required, we always give receipts for every payment made by the debtor and any legislation for that purpose is quite superfluous and can easily be abused by a debtor who may dishonestly deny the receiving of such receipts itself.

9. Inspection.

The right of general inspection by the Registrar without any cause or complaint from any body is much too wide and quite unnecessary and most undesirable. There will be no privacy for the transactions either for the creditor or the debtor and this may have very far reaching consequences. The reference to "all books of accounts" is most indefinite and the Inspecting Officer may probably act as if he has a search warrant. Such inspections can also be very easily abused, by petty and subordinate officials, and business rivals of both creditor and debtor and by the debtors also.

10. Re: Provision relating to suits in respect of loans (Chapter VI)

The rates of interest mentioned in clauses 14 and 15 are much too low. It is well known that security of immovable properties are open to grave risks on account of their present low values and the complicated nature of the personal laws of the people, particularly in joint Hindu families, so that very often the securities are found to be valueless. In the case of unsecured loans, the creditor often takes a good deal of risk and on the average the interest realised hardly works out to anything like 8 or 9 per cent. In the very nature of our business, we lend always without any security and mainly on the personal credit of the borrower or his business. More often than not, he will have absolutely no other assets except his trade or other business venture which is usually a very uncertain and fluctuating factor. We very often lose even ~~xxxxxxxx~~ the principal itself and more often than not have to show considerable remissions to the debtor for ensuring prompt settlement. It ought to be left to the court in each case to fix the rate of interest, taking into account the circumstances, the solvency of the debtor, the security available to the creditor, payments of interest already made, the chances of recovery of the amounts etc. To lay down a hard and fast rule, fixing the rate of interest in all cases is open to very grave and serious difficulties to the creditor, particularly the honest money lender who keeps correct accounts and would seriously impair free flow of credit.

Ordinarily, comparatively small amounts are lent by our class of Multani money lenders to persons, so that though the rate may even appear sometimes a little heavy, the actual amount of interest paid or realised by us is comparatively very little and the loans also do not run for a long time. We actually realise a much smaller fraction than is stipulated in the bond, giving the debtor the

the benefit of remissions. This is well pointed out in the Indian Banking Enquiries Committee's Report page 32 citing cases where the rates stipulated varyiee from 18 to 37 per cent, but actual realisations were 2 to 16 per cent.

Therefore we submit that the maximum rates of interest should be fixed at least at Re.1/- and 2/- per cent per mensem respectively but the actual rate allowed must be left to the court to decide in each individual case.

Most of the memorialists herein and other money lenders borrow at 9% from others and from Banks and other sources and the rates now fixed leave no margin for any profit or safety for bad debts.

11. Re: Penalties (ChapterV)

If provision is made for a court wherein a suit is brought in respect of a loan by a money lender and which finds that any of the provisions of this Act has not been fulfilled, to impose reasonable penalties, such as refusal of costs or a part of the interest etc., it would be quite sufficient and would meet fully the ends of justice and would guarantee the complaince of the provisions of the act by the money lenders, while giving them the benefit of a proper judicial disposal subject to correction by a higher court.

The penalties prescribed in the Bill are very serious, harsh and onerous. No appeal is provided against any of the orders by a court and even a most junior Munsiff may direct that license or registration of a money lender may be cancelled either permanently or for such period as he thinks fit, and can thus suddenly take away the bread and life occupation of any money lender, however long established he may have been and the latter would be left without any remedy. Moreover if a license is so cancelled in actual

actual practice the money lender will be unable to recover even what he has already advanced, as once the debtor knows his creditor has ceased to carry on a running business he will never even see the latter again to settle his previous accounts. The punishments mentioned in para 20 are too drastic and vague.

The Bill nowhere provides for any appeals or other remedies against the order of the Registrar or of the Court. It penalises the money lenders as a class and seeks to impose very onerous conditions on them.

12. Miscellaneous:--

Some-time must be given for the persons carrying on money lending to decide if they will register themselves and if they do not they may be allowed to collect their old dues and wind up their business and for this purpose atleast to carry on business.

In conclusion we submit that the Act may be more appropriately termed "Regulation of Money Lending Act". The present name, it is submitted, sounds as if the whole class of money lenders are to be segregated and looked down upon with suspicion.

We fervently trust and hope that the Government will consider with sympathy all our representations in these matters.

For Multani Money Lenders
of Bangalore City.
(Sd) Thakurdas.

For Multani Money lenders
of Mysore.
(Sd) Lulchand.
Representative.

Bangalore City.
Dated 21st January 1939.

c/o Seth Thakurdas
Chotharmal
Multani moneylender
Old Sidhiente, Bangalore City

MEMORANDUM

ON THE PROVISIONS OF

THE MONEY-LENDERS' BILL

SUBMITTED BY

THE MONEY-LENDERS

about 300 in number carrying on business in Kolar Gold Fields.

B. S. IYENGAR, PRINTER, B. CITY.

MEMORANDUM

ON THE PROVISIONS OF

THE MONEY-LENDERS' BILL

SUBMITTED BY

THE MONEY-LENDERS

about 300 in number carrying on business in Kolar Gold Fields.

—o—

I. **Sec. 1. (2) Application** :—We request that the Kolar Gold Fields area may be excluded from the operation of the Act for the following reasons :—

The persons who borrow moneys in this area are almost wholly labourers, contractors and others who work in the Gold Mining Companies. They have no permanent residences nor do they own any property. They are a floating population who absent themselves periodically from the station and either abandon the work or rejoin, as it suits them. It can never be confidently said about them that they make a permanent stay in the place. Dealings and transactions with them are very insecure and risky. They very rarely borrow on securities, because they do not possess any. Persons borrow jointly in many cases and those who become guarantees or sureties are not in any better position than the borrowers themselves. Moneys are advanced entirely on personal credit in the hope of the borrowers continuing to work. The transactions are therefore very hazardous and more often than otherwise, the creditors have been incurring great losses.

These persons borrow even very small sums such as a rupee or two, and for short periods. It is never possible to say of them that they will stay in the place even during the whole of such periods.

Several of these apply for being adjudicated insolvents and the creditors are hardly able to realize even a fair portion of the amount paid or due.

In those instances, which are very few, where a borrower has some property, it is not of any importance, as the market value of properties in the a very low ; such property is not really a 'Security'.

II. **Re : Chapt. II** (Registration and Licensing of Money-Lenders) **Sections 3 to 8 inclusive.**

The whole chapter should be omitted.

We say that these provisions must be deleted as being unnecessary and impracticable. They do not serve any useful purpose and are of no value to achieve the objects of the proposed legislation as explained in the statement of Objects and Reasons.

These provisions do not affect the transactions in respect of which alone legislation is sought and they do not in any manner help to remedy the defects in the business if they exist. The objects of the bill can be fully achieved by the aid of other provisions. They are therefore a superfluity which will only entail additional work. Such considerations apart, these provisions put an unnecessary restraint on the free actions of persons by having to take out permits for contracts between them. The control of the State

is hardly necessary and such an undue restriction will certainly hurt their feelings and self respect.

The Act does not any where indicate how the list of licensees could be made use of for the purpose in view.

The Punjab Regulation of Accounts Act of 1930, which is one of the two enactments that have come to our notice on this subject does not contain any provision to this effect ; nor does the Madras Debtors' Protection Act (No. VII of 1935.). It may be seen that the Draft Bill in Madras contained similar provisions and that they were objected to. They were therefore omitted. It is significant that the provisions contained in Chapter II of the Bill do not consequently find a place in the Madras Act. It is noteworthy also that on a reference made by the Government of India in 1923, the Madras Government gave it as their opinion that "the registration of Money-Lenders would be formidable and an impossible undertaking and would be so far from complete as to be useless" (Vide Page 6. Para 13 of the Memorandum submitted to the Madras Government in this connection ; copy attached for perusal)

The Indian Central Banking Enquiry Committee does not also favour it, but on the other hand discountenances it. The weighty opinion of the Committee is thus given (Vide Page 7 of the same Memorandum.)

"We are therefore not in favour of the proposal to introduce a system of licensing money-lenders either

compulsory or voluntary. 'On the other hand from the evidence we have received we gather that any such compulsion would only accelerate the process of driving out those bankers from Banking proper to other spheres of business. They would make a large gap in the banking system of the country which would be detrimental to national interest." These remarks are very apt and appropriate to the Gold Fields area in particular, and it cannot be said that conditions in the Mysore State are so different as to justify our ignoring the above views and depart from the situation obtaining either in Punjab or Madras, and introduce there a rule not desirable or wanted there. Never can we say that banking concerns are too many in Mysore. If at all, we have very few of them and many more are felt necessary. Restrictions of the kind proposed would be a serious setback, if not an obstacle, to persons desirous of pursuing this business.

Failure to maintain correct accounts can always be visited with suitable penalties by a Court of law and the present Bill contains them. Cancellation of the license to conduct the business is too serious a punishment and has the consequence of preventing him from carrying on a business which may be his only source of income or bread.

III. **Chapter III—Regulation of Accounts:—** We are quite agreeable to maintaining accounts as far as possible in any form prescribed, but we feel that any rule as to the 'language' or 'script' results in great difficulties, inconveniences and will open out avenues for fraud; In the first place it is not reasonable to

expect a person to record his transactions in a language other than that which he knows or is conversant with. Further, there is the obvious disadvantage of his inability to check the entries and certify as to their correctness. A creditor would have to depend entirely upon the honesty and fidelity of his clerk. If he should be made responsible for the correctness of the entries in his books it is only fair that he should not be compelled to keep them in a language not known or clear to him. He will have no means ordinarily of detecting frauds by his clerk. His credit would be imperilled and danger to his trade; and consequent loss, will ensue. This provision will indirectly compel every money lender to learn a language which he may not wish to learn. These remarks apply with equal force to scripts and numericals. Take for instance a firm of Mussalmans or Multanees or of Frenchmen. How can they reasonably be compelled to maintain accounts in English, Kannada or Telugu? Equally so, it gives room for any partner in a firm who knows that particular language, to be dishonest, if he is so minded, towards his partners who may not know that language. Legislation should, we submit with respect, leave very little room for such occasions. This Act being intended to prevent deceit, these provisions may be made use of by dishonest persons to perpetrate another kind of fraud on the money-lenders themselves.

Section II (2):—The latter part of this provision is a rule of evidence which will interfere both with the Evidence Act and the functions of a Judge in a Court of Law on a question of appreciating the evidence in a case. In our opinion, it should be omitted.

Section 13—Inspection of Registers:—In the light of our representations on chapter II it follows that this provision should also be expunged. It is, in any event, open to many serious objections. It is an in-road on the confidential nature of the transactions, which is a very important matter. There could be no good reason why, save as mentioned hereunder, a stranger should be informed of a transaction between two persons unless they voluntarily disclose it by mutual consent. There can be imagined only 3 cases where this may be done: namely, in Court of Law or by an Income-Tax Officer, or where the State forfeits and seizes the books in an appropriate case. A Court of Law does not itself ordinarily see or permit others seeing any entries beyond those involved in the case. The provision under consideration infringes the right of every person to keep his domestic matters to himself. Even as all the provisions stand, the power and authority to cancel registration and a license having been given only to a Court of Law (Vide Sec. 19) no useful purpose is served by an inspection by a Registrar. Under cover of inspection an official may be tempted to ransack all the entries in the books. This should never be permitted. The provision to furnish a statement, when required ought to suffice. It is said that the Punjab Act does not contain such a provision, the Madras Act certainly does not contain it.

Chapeter IV—Provisions relating to suits in respect of loans:—Having regard to the conditions, circumstances and the peculiar difficulties described in para 1 supra under which money lending business

is carried on in the Gold Fields area the restriction on the rate of interest now prevailing will work as a great hardship and will result in many persons having to wind up their 'business' and resorting to other pursuits.

On enquiry it will be found that many of the money-lenders systematically trade with capital borrowed from persons better placed in life, they in their turn borrowing from others who are more fortunate. Any undue restriction on the rate of interest charged will therefore prevent them from lending.

Interest thus paid, rents, income-tax, professional tax, establishment charges and similar other expenses, all deducted, there is very little margin left for a lender. Taking into account the class of borrowers, the amounts borrowed, the large number of cases under the Insolvency Act, suits by minors, application under the Agriculturists Relief Act and the Debt Conceliation Act, there is no hope of the lender getting any small return for himself. That being so the maximum limit fixed is very low. The Madras Act has fixed them as 9 per cent and 15 per cent p.a. on the secured and unsecured debts. In the Gold Fields area, it is very reasonable not to bring it down beyond 1 per cent and 2 per cent per mensem for all debts above Rs. 50.

V. **Chapter V—Penalties:**—Sec. 19. These provisions are not found in the Madras Act. The other provisions in the bill afford a suitable and sufficient punishment for any contravention of the law. There is no reason to provide this extraordinary punishment

of depriving a person of the means of his bread for a violation of a rule not involving any moral delinquency or any 'offence' under the Penal code. The violation is only in the nature of a disregard of a wholesome provision and does not partake of the character of an offence committed against society or the State.

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By Regd. Post
16.1.39

OFFICE OF THE SECRETARY
16 JAN. 1939
LEGISLATIVE ASSEMBLY

To

The Secretary,

Mysore Legislative Assembly,

BANGALORE CITY.

Most Respected Sir,

We, the undersigned residents and employees of various Departments in the Kolar Gold Fields Mining, Sanitary Board Area and suburbs thereof, most respectfully beg to bring our appeal and objections to the Money Lenders Bill in Mysore, which is to be introduced very soon as Law, for favourable consideration and kind disposal. The various difficulties that will serve as great obstacles in the way of our getting credit on hand loans and pledges in this area are manyfold and words do not suffice to mention them. They are, some of them, as follows briefly:-

1. That a majority of the poor employees and poor residents here are floating population with neither habitations of their own nor any other kind of properties.

2. That, fortunately for them, a class of money lenders have come down from Marwar and risking a great deal in the matter of the Banking in this area and it is they that have the boldness to lend moneys on various kinds of loans including hand loans and pledges.

3. That, more often than not, it is not exactly upon the security of the pledged properties alone, that moneys are lent, but also upon the goodwill of the borrowers and their credit the loans are made.

4. Sometimes, even on trinkets, moneys are advanced hoping to get back the principal and some interest though there is no guarantee; other Banks do not lend high sums on articles of small value.

5. Some of these sowcars borrow money from outside, on interest, if their capital is not sufficient to meet the demand of the month.

6. In this way money lending is going on in this area for over 40 years and a sort of family relationship has come into existence between creditors and debtors.

7. While the circumstances stand thus, the introduction of two recent amendments Re: (1) Abolition of Arrest and Detention and (2) Attachment of earnings of labourers under certain income, upset the debtors' conditions very much that they had no other alternative except to pledge their articles and borrow for their daily expenses. This is the present condition.

8. This being so, the introduction of the Moneylenders Bill in December 1938 has made the condition of the debtors worse so much so that when they approach the creditors, they get a reply to the effect that hereafter moneys would not be lent on pledges also, as new Legislature is about to gag them, and that they would stop money lending, shut shops and go away to their country.

9. That as is already stated, the labourers begin to live in this area with a nil capital and it is the money lender that is supplying his food and clothing and other needs even beyond the debtors' means and even before the debtor earns his month's wages.

10. In as much as the provisions of the money-lenders bill places so much strictures upon money lenders, they refuse to lend us money even if we agree to pay high interest.

11. That we therefore beg to place some suggestions before the Assembly for mitigating the harshness of the bill on the creditors so that credit may be more easily available and poor people may not be made to starve for want of small moneys:-

a. That creditors may be allowed to charge interest on handloans and unsecured loans from 1% to 3% according to the risks.

b. On pledges:- Interest at 1% per mensum may be allowed on pledges of loans over 100/- and on those loans under Rs.100/- interest may be allowed at Rs.1-8-0% per mensem.

c. That creditors may be permitted to sell away the pledged articles if not redeemed within 3 years, after service of due notice on the borrower.

d. That books with serial numbers and pages under the seal of the Government may be supplied to the creditors.

e. Any other healthy changes that are necessary in order to ensure small credits to poor and needy persons may be kindly introduced.

12. That in cities like Madras, Bombay, Karachi, Calcutta, Calicut and other places such strictures are removed so that the borrower or the poor also may not suffer for want of credit.

13. Otherwise, it will be most difficult in labourer area as this, to obtain ready credit at any part of day or night to meet sudden contingencies such as births, deaths, marriages, sickness, arrests, attachments, Criminal fines and kindred sudden demands. We hope and pray that passing a legislature with unworkable conditions will starve millions of people.

mbly praying for kind consideration of these humble suggestions.

We beg to remain,
Most Respected Sir,
Your most obedient servants,

(1). A. Arokiaraj
(2). C. [illegible]
(3) A [illegible]
4 [illegible]
5) K. [illegible]
6 [illegible]
7 P.N. Aruldass Tailor
8 P. A. Arockiadoss.
9) [illegible]
10) [illegible]
11 [illegible]
12. [illegible]
13 [illegible]
14 S.B. [illegible]
15 [illegible]
16 [illegible]
17. Z. Jacob
18. M.A. Mahmod Hosine
19 [illegible]
20. M.R. Mohamed Jakob.
21. V. Sankaran Naig.
22 Pachaimuthu
23 [illegible]
24. S.K. Jagadeesan.
25. G. Selva raj
26 B.M. Rajaratnam
27 [illegible]
28. M. Rajagopal.
29. S.V. [illegible]
30 D. Anthoneydass
31 [illegible]
32. E.J. [illegible]
33. M.V. [illegible]
34. C.M. [illegible]
35 T.M. [illegible]

36. [illegible]
37 K. [illegible]
38 V.P. [illegible]
39. V.K. Rajendar
40 [illegible]
41. [illegible]
42. [illegible]
43 K.V. [illegible]
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45 S. Rangasamy Naidu
46 [illegible]
47 [illegible]
48 P. Thamaraiaram
49 [illegible]
50 [illegible]
51 A.H. [illegible]
52 [illegible]
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M. Arumugam

K. Dhanasamy

R. [illegible]

M. Muniswamy

A. Rajendran

K. Sundaresan

[illegible]

S. [illegible]

J. K. Peter

[illegible]

G. Dhanasamy

[illegible]

R. C. [illegible]

[illegible]

[illegible]

[

MEMORANDUM SUBMITTED BY THE PATHAN MONEY LENDERS OF THE STATE ON THE PROVISION OF THE MONEY LENDING BILL.

The objects and reasons stated in the Bill that is sought to be made law in respect of controlling money lenders can be better achieved by the deletion of its more stringent provisions and adding some which will be of real benefit to honest borrowers and smoothen the way to better and more harmonious relationship between the Lender and the Borrower. Some of the provisions of the present Bill are so drastic that other pieces of penal Legislation pale into insignificance. Further inroads are attempted to be made unnecessarily on established standards of jurisprudence and the law of evidence in vogue. Some of the provisions of law are so very dangerous as to leave the money lenders especially those that are not conversant with the Language of the land to the tender mercy of the clerks or agents who will have to be necessarily employed to keep accounts in a language which these money lenders do not know and are incapable of learning. Some of the portions of the Bill as framed at present which seem to go beyond the needs of the day are detailed hereunder.

REGISTRATION OF MONEY-LENDERS.

These provisions have been found impossible of accomplishment in other parts of India; some Provincial Governments who sought to ameliorate the condition of the poor and illiterate debtors by legislative interference have deliberately ommitted these clauses relating to registration.

Further how such a kind of registration and licensing as at presrnt contempla ted helps the debtor is not quite clear. It is certain that the object of these sections can very well be achieved with the aid of other provisions in the Bill. When the Madras Debtors Protection Act was introduced in the Legislature in the Bill Form this Provision was found, but after deep deliberation the same was removed before it emerged out in the form of an Act. The Indian Central Banking enquiry committee in submitting their recommendations to the Government of India have unequivocally condemned such a provision as being injurious to the healthy develop ments of indigeneous Banking which is already very meagre and hopelessly inadequate to meet the needs of the vast Indian Population. Mysore can on no account be said to haveadequate Banking facilities. Even the few sources through which such facilities are available, are sought to be choked and in the absence of better and more sui table Banking agencies, the very cause of the poor, and the needy suffer by default. Further, this enforced registration while it imposes a severe ~~and the distress and will~~ obligation on the money lenders does not confer on them any corresponding right and this seems to be very inequitous. These memorialists submit that Registration and Licensing are wholly unnecessary

REGARDING CHAPTER III KEEPING OF ACCOUNTS.

To compel a man to keep accounts in a language which he is incapable of understanding is against all canons of justice, equity and good conscience, more especially so when the punishment is so very drastic. He will perforce be left to the tender mercies of the clerk who more often than not cannot resist the temptation of making illegal gains to himself by clever manoeuvring in a language which he is sure his master cannot understand and therefore, unable to detect. It is impossible for the Pathan Money Lenders to learn either English, Kanarese or Urdu. They are familiar with 'Pisthu' which is their mother-tongue and they can only keep their accounts, if at all, in this language. It is then only that they can be held responsible for the correctness of the accounts. If any other language is prescribed then they will be exposed to the tender mercies of the ill paid clerks whose services they will have to engage to do their business. The Pathan will thus be sitting on a vertible magazine of gun power and will be in constant dread of being blown over at any time. Further the powers given to the Registrar or Inspectors deputed by him to check the accounts are too very wide and novel and not in vogue anywhere else. When the power and authority to cancel the license is vested in a court of law, it is not understandable why this fresh element in the shape of an Inspectorate should be introduced. Transactions of private people should be private unless either the creditor or the debtor invites a court of law to look into the same for properly adjudicating on matters of dispute. When every debtor is entitled by law to have a correct statement of accounts and by law the creditor is bound to give the same to him, this ~~source to~~ should be a sufficient guarantee that everything would be alright. If a Court of Law finds that he has not complied with this, he can certainly be dealt with according to Law by the said tribunal.

REGARDING CHAPTER IV.

It is a well known thing that the Pathan Money Lenders even as some of the professional money lenders ~~and~~ who have come from outside, do advance loans and come to the aid of those that offer no securities and have next to nothing to fall back upon for repaying their just dues. In a majority of cases the debtors will have recourse to the insolvency courts and get an easy adjudication in which event neither the capital nor the interest much less the costs incurred in the Legal processes can be recovered from them.

Further the amounts borrowed of the Pathan Money Lenders are very small and the repayment of the same is spread over a considerable length of time and that too in driblets. If a servant is engaged to collect these small driblets, it will be found that his charges may amount to thrice the amount lent or ten times the amount realisable by way of interest. With small capital, often times borrowed from others money lending is carried on with a clientele who will have exhausted all the other sources of credit. Under such circumstances it is more a gamble, risking such advances than any business, for the chances of collection are few and

far between. The minimum interest of 12 per cent as suggested is grossly inadequate to compensate his troubles and not at all commensurate with the risk involved. In addition, maintenance of a clerical establishment to keep the books in order will be a heavy drain on their slender resources and returns. Even as it is the business is not remunerative and one cannot expect to get bare maintenance for all the trouble he takes from morning till late in the evening. What with enactments like the Insolvency Act, Agriculturists' Relief Act, Debt Relief Act, Usurious Loans Act and the like this new burden will virtually be the last piece of straw on the camel's back to break his neck.

Further, when it is borne in mind that there is no limit imposed on the enormous gains made by monopolistic trades, industries and such other profiteering avocations, the limit that is now sought to be imposed on the money lender is inexplicable. If it is the intention of the legislature that it is only the landed, the propertied and the monied classes that are entitled to borrow monies or to be accommodated in times of dire need then those unfortunates who happen to overwhelm them in number will be denied the meagre aid they are now getting from the money lenders and the Law will sanctify such denial of assistance and consequential misery.

These memorialists therefore submit:—

1. That the existing laws of the land are sufficient to safeguard the interests of an honest borrower.

2. That even if any piece of legislation is necessary then—

(a) Registration and licensing are unnecessary and serve no purpose ;

(b) there should be no limit imposed on the interest stipulated; the existing Usurious Loans Act, Contract Act and the discretion vested in the Judge under the Code of Civil Procedure are sufficient ;

(c) there should be no compulsion in regard to the language in which the accounts are to be maintained ;

(d) Inspection of Accounts by Inspectors and Subordinate Staff, other than by a Court of Law or a Commissioner appointed by a Court of Law, is unnecessary and leads to unnecessary complications.

If, however, the Legislature insists on this Bill becoming Law without the amendments suggested as above and the Government of His Highness the Maharaja of Mysore acquiesce in the same then these Memorialists humbly submit that they be exempt from the operation of the present Bill at least for a period of eight years within which period they might be enabled to collect all their dues and leave for their homes. They further pray that necessary rules be framed to exempt them from the harsh provisions of the already existing laws during that period such as "Freedom from arrest" payment by instalments and such other provisions in the C. P. Code so as to facilitate early collection. If the underlying idea behind this legislation is to get rid of foreign money lenders, then they pray that their amount sunk in the country be repaid and that they are prepared to leave the country.

MEMORANDUM

SUBMITTEd BY THE

Pathan Money Lenders

of the State on the Provision of the
Money Lending Bill

"Al-Kalam" Power Press, Bangalore City.

7

OFFICE OF THE SECRETARY
30 JAN.
LEGISLATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

1258 RA

~~4869~~ 1

LD 26.1.39

Bangalore City,
26th Jan. 1939.

Dear Sir,

I am enclosing herewith a copy of my observations in connection with the Money Lenders' Bill which is now before the Legislative Council. I shall thank you very much if you can kindly spare a few minutes to go through the same and oblige.

Yours faithfully,
N. N. Chandy

This may be forwarded to the Protection Branch for necessary action.
Bowr
1-2-39

1.2.39

There is already a copy in the file bearing diary no. 4809 p 39.

10/10/39.

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30 JAN. '39
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THE MONEY LENDERS' BILL IN MYSORE

Various provincial Governments in India have been for some time past enacting legislation to relieve the peasantry of its burdens and miseries. The majority of the populace of India is dependent on agriculture. They are steeped in debt and this indebtedness has been one of the main causes of their misery and the loss of their purchasing power. Unless the purchasing power of these huge millions is raised, trade and commerce can never develop and consequently industries can never rise. Unless the country is sufficiently industrialised the various problems facing us, such as unemployment and poverty can never be solved.

The method of exploiting the masses of India in the post-war period could not be the same as in the pre-war period. From keeping India as a source of raw material and a market for its manufactured goods, British Imperialism was forced to changed its policy in the direction of the development of certain industries in this country. And if this policy is to succeed, the proble of solving the question of raising the purchasing power of the huge millions became a matter of vital necessity. Various commissions and committees were set up to make the necessary recommendations and one and all of them have recommended in common the removal of credit disabilities, which is one of the main causes for the poverty of the people of India.

The Money Lenders' Bill in Mysore which is on the anvil of legislation is one such. No doubt, as the statement of objects and reasons gives out, the bill does not unnecessarily harass the money lenders. But this does not do much good to the peasantry and the huge masses of people at large. It may try "to protect the ignorant debtors against fraud and extortion" but it does not go far.

The bill is at best a negative aspect of the solution of the problem. But unless the positive aspect is touched and the State comes forward boldly with it, it cannot even touch the fringe of the problem. So the need of the hour is not merely doing something in the negaitve direction but actively attending to the positive needs also. One is useless without the other. The destructive and the constructive ax are but the compliments of one another. Hence both the aspects are essential for the solution of the great problem facing us.

Before proceeding to the positive aspect let us study the Money Lende Bill as rafted by the Government and see what particular changes have to be effected in order that the bill may serve the purpose for which it was

it was intended.

R E C O M M E N D A T I O N S

1. Section 9 of the draft bill requires records of transactions to be kept in a prescribed manner. It does not say how long the r cords are to be kept and how and when they can be disposed off. It is necessary for the correct information of the courts that these records be reserved for a period of at least ten years. Any body who is conversant with the business of money lenders will not fail to recognise this need.

The Money lender advances money, say in Jan.1939 at the rateof 12% on unsecured loans according to the provisions of ~~the Act~~ sec.14. He will manip late another account fresh account in Jan.1940. The principle in the account will be the sum lent in 1939 plus the interest thereon. In this way the principle debited to the borrowers' account in three years' time will work out at 171%. By manipulating fresh accounts each year the money lender will be enabled to evade the provisions of sec.15 which lays down the rate of interest at 6% only when the terms of contract are for the payment of compound interest. If the account for a number of years are to be produced before a court, the court will be enabled to discover the fraud and punish offender.

2. Sec.14 lays down empowers the fixation of the rate of interest at 9% on secured and 12% on unsecured laons. The rate of interest is sufficient ly high. Keeping the conomic caditiond of the peopl- in view it will be advi - sable to reduce it to 6% and in the former case and 7½% in the latter. Even this will work out to be 3 to 4% higher than the bank rate.

3. Sec.18 lays down certain penalties. The court is given the discretion to fix the period of suspension of the license. The minimum period has to be fixed. Although fixing the period of suspension to a minimum of three years appears a heavy penalty, it is not sufficiently heavy keeping in view the possibilities of the money lender to defraud the ignorant borrowers.

For the contravention of the provisions of this Act, it is necessary to enhance the punishment to a higher amount. If the money lender or bring disqualified carries on the trade in the names of others he shall be liable to a punishment which shall extend to R.2,000.

The punishment also under sec.20 for the contrave tion of the provisions of the Act shall not be less than R.500 in the first instance and R.1,000 for subsequent offences.

period of its announcement in October 1939.

The effects of the Bill

The rural indebtedness in Mysore State about the year 1930 was estimated by competent authorities to be between 30 and 35 crores. Due to the world economic crisis and the consequent impoverisation of the masses this indebtedness might have mounted to a still higher figure. But for purposes of our calculations we may take it roughly at 30 crores.

The interest charged had varied between 12 and 24%. Calculating on 15 crores at 12%, on 10 at 18% and on 5 at 24%, the annual interest charges on the peasantry amounts to 4.8 crores. Besides this interest the agriculturist has to show concessions to the sawcar in all their transactions. Although some say that these concessions work out to more than the interest charges we can safely take that they equal each other. This is not in the nature of things unnatural. At this rate the annual tribute that the peasantry pays to the sawcars in Mysore State roughly works out to 9.6 crores.

The Act, if given effect to in the proper spirit, will go a long way in reducing this huge tribute. Even if the interest on secured loans be fixed at 9% and that on unsecured at 12%, taking 15 crores under each head, the total interest to be paid will amount to 3.2 crores, thus reducing the original sum by 1.6 crores. Besides, the enactment of this legislation will have signal effect on the illegal exactions that the sawcars make from the peasantry. Although the illegal exactions will not be put an end to completely, at least it will be reduced to half its original extent. Thereby the peasantry willbe saved of nearly 2 crores. So the nat total savings to the peasantry will ax amount to about 4.5 crores. This evidently means that the purchasing power of the people can be raised by an approximately equal amount and trade and industry will dvelop in an equal proportion, thereby helping the solution of our problems to some extent.

All this is so far as can be said about the usefulness of the negatiu negative aspect. But the main problem and the most important one will be the positive or the constructive aspect of it.

The constructive aspect

The money lenders' bill is only the negative aspect or the destructive side. It checks the havocs wrought by the money lenders but it does not put an end to it. At the same time it dislocates credit to some extent. Due to the terrible economic crisis the credit in rural parts is already

4. Besides these changes in the bill further provisions have to be effected in order to prevent the following practices of the money lenders:-

a. At the time of advancing money the money lender charges on the borrower between 2 to 5% in the name of charities, clerical expenses etc. ;

b. In order to evade the provisions of law the money lender / keeps/ in his records the normal rate of interest, say 12%, while he will have enhanced the sum lent in the accounts. For example, he lends at 24% interest/ which is forbidden. Although the sum lent is only Rs.100/-, he will take a bond for Rs.200/-, so that he will get the interest he desires /. This is not merely evading the law but makes the borrower a slave to the lender in as much as any act on the part of the borrower offensive to the lender, the former will be proceeded against for double the sum lent that was actually borrowed. This is highly detrimental to the interests of the ignorant borrowers.

c. In the case of the loans where the contract is for threpayment by instalments, at the time of advancing money the interest on the whole amount as well as the first instalment is deducted from the sum lent, so much so the actual interest charged becomes exhorbitant.

d. The village money lender is also the trader. His influence as the money lender he uses while purchasing the marketable produce of the borrower. As a result the borrower will always be at/a disadvantage and the lender at anadvantage. This activity of the money lender must be made penal.

e. The money lender advances a particular sum of money and at the end of a few years he will force the peasant to alienat his lands to him. This practice has deprived the peasantry during the last thirty years of much of their lands. Provision must be made in the bill to put an end to this.

f. The market price of the goods at the harvest period will be naturally low. The sawcars coerce the borrowers at that period and take away the goods at a very low rice. All facilities must be provided to see that the agriculturist gets a fair selling price for his produce.

g. The hundi system in the cities must be controlled by the banks. The rate of interest charged by the broker must be mentioned in the hundi. The banks discount these bills at the rate of 3 to 3½% and the broker charges anywhere between 12 to 24%. Unless this is checked by suitable legislation the small traders in the cities will be ruined by Marwari and Multani bankers.

This Act should come into force throughout the State with / retrospective effect in cases pending discharge in courts or from the

already impaired. This aspe

The most important help that any government can render to the peasantry is providing cheap credit. Providing cheap credit is the constructiveaspect. When credit is checked from one side and it does not come from the other, it will work disastrously on the agriculturists.

The agriculturists need credit most when the harvest is approaching or it has begun. That is the period when most of his obligations have to be met. The government gives the greatest help when it tackles this problem.

The total marketable or the marketing produce of the agriculturists in Mysore State comes to about 10 crores, working at an average of 8 times the land revenue. The peasantry will require advances against crops or against the sale of their produce. The average need at that period may come to about 10 per cent of their produce. That means advancing about a crore of rupees during the season, and that too for a period of three to six months.

Sales co-operative societies

Thatmeans the Government will have not only to encourage sales co-operative societies to help the peasantry during the period, but take initiative for starting these societies by finding the required funds for it. It is necessary to encourage the agriculturists to keep the produce till the market rates will be favourable to them and will bring them a fair return. This means that all the encumbrances on them must be removed.

Firstly, the village sawcar must be removed from the field of credit operations and secondly, he should not have any function in the marketting of the produce. The society must be the sole agency through which all the marketting activities must take place.

Elimination of the money lenders

As has already been said in the previous para, elimination of the money lenders becomes a matter of necessity.. How is that to be done? is the greatest of the problems that will crop up before the Government.

Moratorium must be declared for a period of at least five years. During this period the necessary enquiry into the indebtedness of the peasantry must be held to see how much is to be reasonably paid off and if the ryot has the capacity to pay that amount. Wherever the interest already paid has exceeded the principle and the debts are unconscionable and beyond the capacity of the peasantry to pay must be liquidated.

The total rural indebtedness approximates to about 30 crores as has already been said. If a proper enquiry into the real state of affairs is held, it will be found that not more than 40 per cent is justly duefrom the peasantry. That is the general experience. In the State of Bhavnagar such an enquiry was held and it was found that 40% was rightly due to the sawcars. The remaining 60% was written off. The State took up the burden of that debt and is now recovering that. Recovery of that debt can be affected and speeded up only when cheap credit facilities are offered to the peasantry after this liquidation in view of their utter pauperisation at the present moment.

The dues to the money lenders may be taken up as a State loan and considered as Government securities carrying a low rate of interest. Then the private money lenders will cease to play any part in the life of the village.

Coming to the facts of the situation, of the 30 crores the just dues may not exceed 10 to 12 crores. The State can easily take up this debt and pay interest at 3 to 3½%. It can also collect interest from the peasantry at 5% along with small annual instalments to clear up their debts. This is the only way to clear up the burden on the peasantry and increase their purchasing power and thereby stimulate trade and industry.

A rough estimate of the whole transaction may be given here. The figures are not meant to be exact and correct. But they will provide a rough idea of the situation.

1. a. The interest on 12 crores that is justly due to the money lenders and will have to be paid by the borrowers at 5% per annum ..... 60 lakhs

   b. Interest to be paid to the money lenders at 3 % after taking over the debt as Government securities..... 42 "

   c. Profit to the Government which will have to be used on clerical charges etc. ..... 18 "

2. a. Total marketable produce from the peasantry is about 3.10 crore s

   b. Credit facility at 10% on this amounts to ..... 1 crore

   c. Interest on this at 5% for 3 to 6 months..... ..... 2.5 lakhs

   The total interests charges on the peasantry will come to approximately ..... 62.5 "

3.a. The present interest charges on 30 crores and all illegal exactions of the sawcars will amounts to ..... 9.2 crores
   b. After passing of this bill it will come to ..... 5 "

The net annual savings to the agriculturists as per (a) will be 6.5 crores
as per (b) " 4.4 "

Even if 50 lakhs of this savings goes towards liquidating the principle the purchasing power of the people will rise by at least about 4 crores.

It is evident from this that unless the Government tackle by legislation the negative as well as the positive aspects of the problem, not much will come out of the bill. The Government will be well advised to launch boldly on this scheme and secure the lasting happiness of the people. We are not the only pioneers in the field. Let us learn from the mistakes of others and march ahead. And where there is a will there is a way.

MEMORANDUM

WITH REFERENCE TO

THE MADRAS MONEY-LENDERS BILL

NO. 21 OF 1932

BY

THE NORTH INDIAN ASSOCIATION, MADRAS.

MEMORANDUM

SUBMITTED BY

THE NORTH INDIAN ASSOCIATION MADRAS

CONSTITUTED OF ABOUT 600 MEMBERS

ON THE

PROVISIONS OF THE MADRAS MONEY-LENDERS BILL.

Preamble :—

1. The Preamble purports to confine the operation of the provisions of the Bill, 'to certain kinds of the money-lending' what the particular 'kinds of money-lending' for which the legislation is intended to be applied do no where appear; on the other hand the definition of 'money-lender' in the bill appears to be all embracing so as even to include within its ambit not only every kind of money-lender but also his legal representative successor in interest whether by inheritance assignment or otherwise.

2. The preamble presumes :

(*a*) That the conduct of business of certain kinds of money-lending in the Presidency of Madras is at present imperfect faulty or is such as to demand legislative interference by providing safeguards for the protection of the borrower.

(*b*) That the form and method of maintaining accounts in certain kinds of money-lending in the Presidency are defective or such as to require being regulated in accordance with the provisions embodied in the bill.

3. The Association begs to enter its humble but emphatic protest against the suggestion contained in clause (*a*) above that the business of certain kinds of money-lending is such as to necessitate the introduction of a special act of the

Legislature. In the opinion of the Association the provisions embodied in the Contract Act and the Usurious Loans Act afford ample protection to borrowers in that courts of law are already clothed with sufficient powers to deal with cases of money-lending transactions brought about by fraud undue influence and coercion and where the transactions are either usurious or such as would be deemed hard and unconscionable.

The provisions of the Bill if passed into law would considerably harass and embarrass the ordinary money-lender while it would work great hardship on the needy borrower who is driven to seek financial help from the local money-lender who in many cases is the only person in the locality from whom such financial help could be sought or obtained.

4. It is significant that Section 2, Cl. 7.—Sub-Cl. (v) excludes from the purview of the Bill loans advanced by a landlord to his tenant, by a lessor to the lessee, by a partner in cultivation or a co-sharer to another for the purpose of carrying on agriculture. Such loans which in several instances are advances of seed-grain for cultivation are made repayable in kind with an increase of about 100 per cent. in the course of a few months ; loans of money for the purpose of carrying on agriculture by and to the persons above referred to are repayable with interest far in excess of the interest which the local money-lender would charge on loans advanced by him.

5. The Association also begs to enter its protest against the implication contained in clause 1 (*b*) of paragraph 2 above in that it assumes that the keeping of accounts in certain classes of money-lending is defective or imperfect and that the same requires to be regulated in the manner and in the form, language and script laid down in the several provisions of the Bill. If the observation made in the preamble has reference to the system and method of account keeping adopted by the members of the Guzerati Marwari or Multani communities, the Association begs most emphatically to affirm that

the said system and method have been universally adopted for a considerably long time ; that the persons maintaining the accounts are familiar with and thoroughly understand the said system and method ; that the same have been handed down to them from generation to generation and that they are unfamiliar with any other system or method of account keeping. The association begs most respectfully to affirm that from the standpoint of account keeping the system and method adopted by the members of the said communities are perfect and self contained and do not require to be amended altered or improved. The members of the above communities are acquainted only with their respective native languages and are generally unable to read or write any of the local vernaculars though in the course of years they learn to understand the spoken language of the locality in which they carry on business. With very rare exceptions and that only in the Presidency Town the members of the above communities are absolutely unacquainted with the English language.

6. The association begs to point out that ordinarily money-lenders belonging to the above communities have no clerks or assistants. The extent of business carried on by them would leave no margin for the maintenance of any staff. The money lender writes his day-books or cash books and he posts the ledgers ; he is the custodian of the movables on which he advances loans. To call on him to adopt a different method of account keeping in the recording of his transaction or to impose on him the necessity of maintaining a duplicate set of accounts in the form language and script of which he is totally unfamiliar and to visit him with penalties for his failure to conform to the above regulations would be either to drive him systematically to evade the provisions of the Bill and to submit to the fines and penalties imposed for such evasion or to close his business and go back to his native place.

7. In the statement of the objects and reasons for the bill it is said " that the proposed bill is practically a reproduction of the Punjab Regulation of Accounts Act of 1930 with a few

necessary additions to suit local conditions. The Punjab Act itself has been on the Statute Book only for a very short time. How far and to what extent it has satisfied the objects and reasons for which it was passed into law and how far in the practical application of the principles of the Act to the cases that have come up before the Courts of law have proved to be of any considerable value it would be too premature to postulate. Further in the Punjab the borrower and the lender speak, read and write practically the same language.

8. Before the provisions of the Punjab Act has had sufficient time for being tested by experience the present bill attempts to enlarge on the ambit of the Punjab Act.

i. The Punjab Act exempts from its operation 'a trader' who is defined in the Act as 'a person who in the regular course of business buys and sells goods or other property whether movable or immovable and shall include a wholesale or retail merchant a commission agent a broker a manufacturer a contractor and a factory owner.' Thus while the Punjab Act would not apply to a trader who either lends or borrows money the present bill does not make any such exception.

ii. There is no provision in the Punjab Act for the imposition of a fine or for enquiry by the Police as in Section 5 of the proposed legislation. The Association find its difficult to understand what the 'local conditions' in this Presidency are that would justify the departure, or why it should be preserved that the Police of this Presidency is more efficient or trustworthy than the Police in the Punjab.

iii. While the preamble of the Punjab Act states that "whereas it is expedient to make provision for regulating the keeping of accounts relating to certain transactions in the Punjab the present bill introduces into the preamble the added provision

"for the better conduct of business in certain kinds of money-lending."

9. **Section 2, sub-Section 4.**— If it is intended that the Insolvency Courts should have power to deal with transactions between money-lenders and borrowers it is apprehended that complications may arise and the proceedings before the Insolvency Courts are bound to be protracted and the distribution of the assets of the insolvent considerably delayed. The powers conferred on the Official Assignee under the Presidency Towns Insolvency Act and on the Official Receiver under the Provincial Insolvency Act would enable those officers to deal adequately with the claims of the money-lending creditors.

10. **Section 2, sub-Section 5.**—The Punjab Act uses the expression 'creditor'. The definition of money-lender in the corresponding English Act is as follows :—

"A money-lender shall include every person whose business is that of money-lending or who advertises or announces himself or holds himself out in any way as carrying on that business but shall not include (*a*) a registered society (*b*) any body corporate and (*c*) any person *bona fide* carrying the business of banking or insurance or *bona fide* carrying on any business not having for its primary object the lending of money in the course of which and for the purpose whereof he lends money."

11. The Association begs to suggest that this definition may word for word be embodied in the present bill and as a necessary consequence the following provisions may be safely omitted :

Section 2, sub-Sec. 1.
Do. „ 2.
Do. 3, „ 4.
Do. 2, „ 7. clauses *i*, *ii*, *iii*, *iv* and *v*.

12. The definition of money-lender is dangerously wide in that it endeavours to bring within the operation of the proposed legislation the 'legal representatives successors in interest whether by inheritance assignment or otherwise of the person who advances the loan' even though such persons on whom the debts have devolved in manner stated above do not regularly pursue the business of advancing loans. There is absolutely no justification whatsoever why a legal representative of a deceased money-lender should be classed as a money-lender even where he does not carry on or continue the business of money-lending and why all the conditions stipulations and penalties provided in the bill should be made applicable to him. The Association is also of opinion that it would be highly inexpedient to extend the operation of the proposed legislation to successors in interest by assignment or otherwise.

Under the proposed enactment.

(*i*) The assignee of a solitary transaction of loan such as the transferee of a mortgage from a money-lender would also come within the definition of a money-lender.

(*ii*) The Official Assignee or the Official Receiver who would be the successor in interest of the insolvent money-lender or the assignee by operation of law would also come within the mischief of the provision.

13. **Registration of money lenders.**

It is not quite apparent what object is intended to be served by the provision as to registration. There is no provision in the Punjab Act for the registration of money-lenders. In 1923 on a reference made by the Government of India the Madras Government gave it as their opinion that

> "the registration of money-lenders would be a formidable and also an impossible undertaking and would be so far from complete as to be useless."

The Indian Central Banking Enquiry Committee say in this connection.

> "We are therefore not in favour of the proposal to introduce a system of licensing money lenders either compulsory or voluntary. On the other hand from the evidence we have received we gather that any such compulsion would only accelerate the process of driving out those bankers from banking proper to other spheres of business. They would make a large gap in the banking system of the country which would be detrimental to national interests."

14. **Section 4, Clause (a).**—Imposes an obligation on the money-lender to give to the debtor or his agent signed and stamped if necessary receipts for all sums received by him from the debtor or his agent at the time of receipt. In the case of loans advanced on promissory notes and mortgage deeds the invariable practice is for the debtor to endorse payments made on account of principal and interest and the amendment introduced in the present Limitation Act renders it necessary that such endorsements should be obtained even where payments are made on account of interest. In the case of petty loans, say under Rs. 50, advanced on the pledge of jewels or brass and copper utensils and on clothing it would be extremely inconvenient for the lender to grant receipts for small payments as and when made. Cases are extremely few where payments made by the borrower are not recorded in the books of the lenders. The Government of Madras on a reference made to it by the Government of India in 1924 gave it as its opinion that

> "No useful result would be produced by compelling money lenders to keep accounts or to give receipts in counterfoil receipt books".

The Association is unable to discover any circumstance that intervened after 1923 or what the special local conditions of this Presidency are which would justify the introduction of these provisions in the proposed legislation.

15. **Section 4, Clause 6.**—renders it obligatory on the money-lender "to regularly record and maintain *in addition* to such accounts as he may ordinarily maintain an account of transactions relating to loans for each debtor separately and in such form as the Local Government may prescribe."

Proviso. "Provided that the Local Government shall prescribe the forms language script and numerals in which the accounts have to be recorded and maintained."

16. The association desires to make the following remarks and observations on this clause and on the proviso:

1. As stated in a previous portion of this memorandum the classes of money-lenders who have come from parts of North India and who carry on money-lending business in the City and the Presidency of Madras are familiar only with their native language and maintain their accounts only in that language; they could not in 95 cases out of a 100 read or write any of the local vernaculars and with very rare exceptions could not read or write the English language.

2. The maintenance of a separate set of accounts relating to loans for each debtor separately in such form as the Local Government may prescribe would entail on the lender considerable hardship labour, cost and inconvenience. It would necessitate the lender engaging the services of a person who could maintain a separate set of accounts in the form prescribed by the Local Government. The person so employed if he is to transcribe the entries from the accounts usually maintained in the course of business should know the language of the money-lender, should be familiar with the language which may be prescribed by the Government and should besides have experience in account keeping.

3. This would involve an expenditure which in the case of money lenders carrying on business in a small scale

at any rate would be out of all proportion to the income derived by him from the business.

4. This bill would place the money-lender in a very difficult position as he would have no means of satisfying himself as to the correctness or otherwise of the duplicate set of accounts directed to be maintained in a language of which he is unfamiliar. In a judicial proceeding instituted by the money-lender the duplicate set of accounts even where they differ from the accounts regularly maintained in the course of business is likely to receive greater weight than the regular accounts.

5. Power is conferred on the Local Government to prescribe the forms language script and numerals in which the accounts have to be recorded and maintained. If this is intended to make the accounts maintained available for inspection by the borrowers it would be difficult to prescribe the language. If it be the English language it would be of use only to borrowers who are acquainted with that language. Even in the Presidency Town the percentage of borrowers who know how to read and write English would be low. In the case of other borrowers they may be acquainted with any one of the vernaculars spoken in the Presidency. It may be Tamil or Telugu or Malayalam or Hindustani. If the Government should prescribe any particular vernacular language the accounts would be of no assistance to persons unacquainted with that language.

Section 4, Clause (c)—The half-yearly accounts directed to be submitted by the money-lender to the borrower should be in such manner and such form and containing such details as the Local Government may prescribe.

It is not clear whether the sub-clause contemplates that the half-yearly accounts should be in the language of the

lender or in any other language. If it is in the language of the lender it would, to quote the words of the statement of objections and reasons be " in a language and in a form which none but themselves could decipher and understand." If it be in the language of the borrower the lender is called upon to maintain on his staff persons acquainted with the several languages of the individual borrowers.

The explanation to this section is against all recognised principles of law. When the Punjab Act was considered in council it was stated (Punjab Legislative Council Printed debate Vol. XIV, page 976).

> That the High Court was of opinion that "the explanation is one-sided and unjust. If it is to be made obligatory on the creditor to keep the accounts in the prescribed form and to send copies thereof at stated intervals to the debtor it is but fair that the failure of the debtor to deny its correctness within a reasonable time should raise a presumption in favour of the correctness of the accounts ".

Referring to this provision in the Act the Punjab Provincial Banking Enquiry Committee say as follows :—

> " But perhaps the greatest difficulty will be in the despatch and delivery of the half-yearly statements of accounts. The number of the individual constituents of the money-lender are bound to be so numerous that it would involve considerable time trouble and expense in the preparation of the accounts and in the despatch to and service of such accounts on the individual borrowers. "

The Association would have no objection to the furnishing of half-yearly accounts where the same is applied for by any debtor who requires the same and who is willing to bear the costs and expenses of being furnished with the account.

18. **Section 5 Clause a & b,**—These penal clauses when actually put into operation would place the money-lender

at the mercy of a petty police-officer who would be empowered to ransack the books of the money-lender irrespective of his position and respectability. In such an investigation it would be impossible for the money-lender to insist on the police-officer confining the inspection to the transactions of the particular borrower concerned. The confidential character of the transactions between the money-lender and his other constituents so necessary for commercial credit would be imperilled and the power given under the bill to a police-officer not below the rank of a Sub-Inspector of Police to institute criminal proceedings *suo moto* against a money-lender for breach of the provisions of the proposel bill would only result in barrasment and the consequences to him can easily be imagined.

19. There is no corresponding provisions in the Punjab Act. As observed already the scope of the discretion of the Court in the granting of relief should be limited only to cases to which the provisions of the Contract Act and the Usurious Loans Act would apply. It is extremely difficult to prescribe the maximum limit of interest. Each case would be controlled by its attendent circumstances.

20. For a money-lender the interest he realises on the loans advanced by him in his only source of profit and the percentage of interest to be charged in each individual case should be determined by taking into consideration the nature of the security, the circumstances of the lender and of the borrower the attendant risks of loss in the transaction and so many other very relevent but changing factors. Under the general acts of the legislature such as the Contract Act and the Usurious Loans Act abundant discretion is given to courts of law to decide on questions of fraud undue influence coercion and on the unconscionable nature of the particular transaction and furnish the necessary safeguards for the regulation of money-lending transactions. Fixing a particular rate or rates of interest for all classes of loans and the disability attendant upon the money-lenders under the bill to charge varying rates of interest will directly result in the removal of that class of money-lenders who by far constitute the large majority and who cater, to the needs of the petty loan borrower and who constitute the connecting link between the Banks and the bigger money-lender and the individual small borrower.

21. The Association desires to make the following quotation from the Report of the Indian Central Banking Enquiry Committee :